Minnesota Department of Human Services
Professional Technical Contract

This Contract, and all amendments and supplements to the contract ("CONTRACT"), is between the State of Minnesota, acting through its Department of Human Services, Purchasing and Service Delivery Division & Minnesota Information Technology Services (MNIT) ("STATE") and Magellan Medicaid Administration, LLC, an independent contractor, not an employee of the State of Minnesota, located at 11013 W. Broad Street, Suite 500, Glen Allen, Virginia 23060. ("CONTRACTOR").

RECITALS

Under Minnesota Statutes, sections 15.061 and 256.01, subdivision 2(a)(6), the STATE has authority to enter into contracts to provide services and engage in activities as necessary to carry out its mission.

STATE is in need of the following services: A pharmacy Point of Sale claims system with associated authorization, pricing, rebating, and retrospective drug utilization review services.

CONTRACTOR represents that it is duly qualified and willing to perform the services set forth in this CONTRACT to the satisfaction of STATE.

STATE will share the following Protected Information:

- Protected health information (PHI)
    - May include Member information, Eligibility, Claims, Diagnoses, Prescriptions and Provider enrollment information

STATE's purpose for Sharing Protected Information and Expected Outcomes is a fully operational

- Point-of-Sale (POS) Pharmacy Solution
- Drug Rebate Management System
- Member and Provider Customer Service Call Center and Contract Support
- Retrospective Drug Utilization Review
- State Maximum Allowable Cost program
- Preferred Drug List (PDL) and Supplemental Drug Rebate activities and services
- 340B ceiling price file duties
- Prior Authorization Request Adjudication program

STATE is permitted to share Protected Information with CONTRACTOR in accordance with Minnesota Statutes, section 13.46.

The parties agree as follows:

CONTRACT:

1. CONTRACT TERM AND SURVIVAL OF TERMS.

1.1. Effective date: This CONTRACT is effective on **September 1, 2023**, or the date that STATE obtains all required signatures under Minnesota Statutes, section 16C.05, subdivision 2, whichever is later. CONTRACTOR may not begin work under this CONTRACT, nor will any payments or reimbursements be made, until all required signatures have been obtained and CONTRACTOR is notified to begin work by STATE's Authorized Representative.

1.2. Expiration date. This CONTRACT is valid through **August 31, 2028**, or until all obligations set forth in this CONTRACT have been satisfactorily fulfilled, whichever occurs first.

1.3. No performance before notification by STATE. CONTRACTOR may not begin work under this CONTRACT, nor will any payments or reimbursements be made, until all required signatures have been obtained per Minn. Stat. § 16C.05, subd. 2, and CONTRACTOR is notified to begin work by STATE's Authorized Representative.

1.4. Survival of terms. CONTRACTOR shall have a continuing obligation after the expiration of CONTRACT to comply with the following provisions of CONTRACT: Indemnification; Information Privacy and Security; Intellectual Property Rights; State audits; Contractor Data Disclosure; Publicity; and Jurisdiction and Venue.

1.5. Time is of the essence. CONTRACTOR will perform its duties within the time limits established in CONTRACT unless it receives written approval from STATE. In performance of CONTRACT, time is of the essence.

2. CONTRACTOR'S DUTIES.

2.1. CONTRACTOR shall perform duties in accordance with Attachment A-1, Duties and Deliverables, and Attachment B, CONTRACTOR's Response to the Request for Proposals titled "Pharmacy Point-of-Sale (POS) System for the fee-for-service (FFS) Minnesota Health Care Programs (MHCP)", which are attached and incorporated into this CONTRACT.

1. If there is a conflict between Attachment A-1 and Attachment B, the requirements of Attachment A will be primary.

2. The following exemptions or modifications to the CONTRACTOR's RFP Proposal are accepted and incorporated into this contract:

    a. Security: Requirement 300 – As a privately held company the CONTRACTOR is not subject to the Sarbanes-Oxley Act of 2002 (SOX) and this requirement from the CONTRACTOR's RFP Proposal is removed.

b. Reporting: Requirement 362 – This requirement is removed.

3. Per 45 CFR Part 95.615, CONTRACTOR must allow the Department of Health and Human Services access to the system in all of its aspects, including pertinent state staff, design developments, operation, and cost records of contractors and subcontractors at such intervals as are deemed necessary by the Department of Health and Human Services to determine whether the conditions for approval are being met and to determine the efficiency, economy and effectiveness of the system.

2.2. Accessibility. Any information systems, tools, content, and work products produced under this CONTRACT, including but not limited to software applications, web sites, video, learning modules, webinars, presentations, etc., whether commercial, off-the-shelf (COTS) or custom, purchased or developed, must comply with the Minnesota IT (MN.IT) Accessibility Standards,[1] as updated on July 1, 2024. This standard requires, in part, compliance with the Web Content Accessibility Guidelines (WCAG) 2.1 (Level AA) and Section 508 of the Rehabilitation Act of 1973.

Information technology deliverables and services offered must comply with the MN.IT Accessibility Standards and any documents, reports, communications, etc. contained in an electronic format that CONTRACTOR delivers to or disseminates for the STATE must be accessible. (The relevant requirements are contained under the "Standards" tab at the link above.) Information technology deliverables or services that do not meet the required number of standards or the specific standards required may be rejected and STATE may withhold payment pursuant to clause 3.2(a) of CONTRACT.

3. CONSIDERATION AND TERMS OF PAYMENT.

3.1 Consideration. STATE will pay for all services satisfactorily provided by CONTRACTOR under this CONTRACT.

a. Compensation. CONTRACTOR will be paid in accordance with **Attachment C, Milestones and Payments**, which is attached and incorporated into this CONTRACT.

b. Reimbursement. Reimbursement for travel and subsistence expenses actually and necessarily incurred by CONTRACTOR in performance of this contract in an amount not to exceed **zero dollars ($0.00)**; provided, that CONTRACTOR will be reimbursed for travel and subsistence expenses in the same manner and in no greater amount than is provided in the current "Commissioner's Plan", set by the Commissioner of Minnesota Management and Budget and incorporated by reference. CONTRACTOR will not be reimbursed for travel and subsistence expense incurred outside the State of Minnesota unless it has received STATE'S prior written approval for such out of state travel. Minnesota will be considered the home state for determining whether travel is out of state. CONTRACTOR shall not be reimbursed for travel and subsistence expenses incurred outside the geographical boundaries of Minnesota unless it has received prior written approval from STATE. Minnesota shall be considered the home state for determining whether travel is out of state.

[1] https://mn.gov/mnit/about-mnit/accessibility/

c. Payment for expenses related to STATE delay in implementation. CONTRACTOR will be paid the sum of $391,000.00 for expenses related to the STATE's delay in "go-live" implementation beyond October 1, 2024.

d. Total obligation. The total obligation of STATE for all compensation and reimbursements to CONTRACTOR shall not exceed **twenty-four million six hundred eighty thousand seven hundred seventy-five** dollars ($24,680,775.00).

e. Withholding. For compensation payable under this CONTRACT, which is subject to withholding under state or federal law, appropriate amounts will be deducted and withheld by STATE as required.

3.2. Payment.

a. Invoices. Payments shall be made by STATE promptly after CONTRACTOR submits an invoice for services performed and the services have been determined acceptable by STATE's authorized agent pursuant to clause 5.1. Invoices shall be submitted in a form prescribed by STATE, if applicable. If STATE does not prescribe a form, CONTRACTOR may submit invoices in a mutually agreed invoice format. Invoices will be submitted timely on a monthly basis.

b. Retainage. Under Minn. Stat. § 16C.08, subd. 2(10), no more than ninety (90%) percent of the compensation due under this CONTRACT may be paid until the final product(s) of the CONTRACT has been reviewed by the STATE and it has been determined that the CONTRACTOR has satisfactorily fulfilled all the terms of the contract. Accordingly, the STATE will withhold ten percent (10%) of the total amount of each invoice submitted by CONTRACTOR for payment.

c. Payment of retainage.

1. CONTRACTOR will submit an invoice for payment of retainage withheld during the implementation stage upon certification of the pharmacy system by the Centers for Medicare and Medicaid Services.

2. On a quarterly basis thereafter, the CONTRACTOR will submit an invoice to STATE for retainage withheld during the previous calendar quarter (the "reporting quarter"). The invoice for the reporting quarter will include a performance report and supporting documentation for applicable monthly, quarterly or annual Service Level Agreements (SLAs), as described in **Attachment D-1, Service Level Agreements,** for the reporting quarter. The State will review the performance report, along with supporting documentation, for performance during the reporting quarter. For SLAs that are measured monthly, the Vendor must meet the SLA metric for at least two of the three months measured to be considered to have completed the work in a compliant or acceptable manner. For SLAs that are measured quarterly, the vendor must meet the SLA metric for at least two consecutive reporting quarters to be considered to have completed the work in a compliant or acceptable manner. For SLAs that are measured annually, the vendor must meet the SLA metric for the reporting quarter to be considered to have completed the work in a complaint or acceptable manner.

3. If the CONTRACTOR fails to meet one or more service level agreements in a complaint or acceptable manner, as described above, the CONTRACTOR shall provide a performance

improvement plan to the STATE for each failed SLA. If CONTRACTOR fails to achieve compliant or acceptable performance for the same service level agreement during the subsequent quarterly report, the CONTRACTOR will forfeit a percentage of the retainage for failure to meet monthly, quarterly or annual SLAs according to the following table. STATE will promptly pay CONTRACTOR for the retainage, less any forfeited amount.

Quarterly forfeiture trigger	**Percentage of retainage forfeited**
Contractor fails to meet one (1) individual monthly or quarterly SLA for two (2) consecutive reporting quarters or Contractor fails to meet one (1) annual SLA during the reporting quarter.	Five percent (5%)
Contractor fails to meet two (2) individual monthly or quarterly SLAs for two (2) consecutive reporting quarters or Contractor fails to meet two (2) different annual SLAs during the reporting quarter or Contractor fails to meet one (1) monthly or quarterly SLA for two (2) consecutive reporting quarters and one (1) annual SLA during the reporting quarter.	Ten percent (10%)
Contractor fails to meet three (3) individual monthly or quarterly SLAs for two (2) consecutive reporting quarters or Contractor fails to meet two (2) monthly or quarterly SLAs for two (2) consecutive reporting and one (1) annual SLA during the reporting quarter or Contractor fails to meet one (1) monthly or quarterly SLA for two (2) consecutive reporting quarters and two (2) annual SLAs during the reporting quarter.	Fifteen percent (15%)
Contractor fails to meet four (4) or five (5) individual monthly or quarterly SLAs for two (2) consecutive reporting quarters or Contractor fails to meet three (3) or four (4) monthly or quarterly SLAs for two (2) consecutive reporting and one (1) annual SLA during the reporting quarter or	Twenty five percent (25%)

Contractor fails to meet two (2) or three (3) monthly or quarterly SLA for two (2) consecutive reporting quarters and two (2) annual SLAs during the reporting quarter.	
Contractor fails to meet six (6) or seven (7) individual monthly or quarterly SLAs for two (2) consecutive reporting quarters or Contractor fails to meet five (5) or six (6) monthly or quarterly SLAs for two (2) consecutive reporting and one (1) annual SLA during the reporting quarter or Contractor fails to meet four (4) or five (5) monthly or quarterly SLA for two (2) consecutive reporting quarters and two (2) annual SLAs during the reporting quarter.	Fifty percent (50%)
Contractor fails to meet eight (8) or nine (9) individual monthly or quarterly SLAs for two (2) consecutive reporting quarters or Contractor fails to meet seven (7) or eight (8) monthly or quarterly SLAs for two (2) consecutive reporting and one (1) annual SLA during the reporting quarter or Contractor fails to meet six (6) or seven (7) monthly or quarterly SLA for two (2) consecutive reporting quarters and two (2) annual SLAs during the reporting quarter.	Seventy-five percent (75%)
Contractor fails to meet ten (10) or more individual monthly or quarterly SLAs for two (2) consecutive reporting quarters or Contractor fails to meet nine (9) monthly or quarterly SLAs for two (2) consecutive reporting and one (1) annual SLA during the reporting quarter or Contractor fails to meet eight (8) monthly or quarterly SLA for two (2) consecutive reporting quarters and two (2) annual SLAs during the reporting quarter.	One hundred percent (100%)

The CONTRACTOR may request an exemption for failing to meet an SLA in advance if the failure of the SLA is due to an extenuating circumstance beyond the CONTRACTOR's control or due to a circumstance caused by the STATE. The CONTRACTOR shall provide written notice to the STATE

with information to warrant waiver of the penalty for the failed SLA. The STATE may grant the exemption and not apply a penalty for a failed SLA. The STATE shall provide written notice to the CONTRACTOR as to whether the request for an exemption is approved or denied.

d. Federal funds. Payments are to be made from federal funds. If at any time such funds become unavailable, this CONTRACT shall be terminated immediately upon written notice of such fact by STATE to CONTRACTOR. In the event of such termination, CONTRACTOR shall be entitled to payment, determined on a pro rata basis, for services satisfactorily performed. Any changes to the federal funds must be communicated to the CONTRACTOR with an amendment, such as additional funds from the same federal award or additional funds from a different federal award. STATE has determined that CONTRACTOR is a "contractor" rather than a "subrecipient" pursuant to 2 C.F.R section 200.331.

e. Payments for Enhancements vs Maintenance Support.

1. Requests for Product Enhancements will require a contract amendment.
2. Examples of enhancements include the following:
    a. Changes that require changes to the CONTRACTOR's product suite and require extensive testing of the setup, configuration, and deployment of those system enhancements.
    b. Changes to Web Portal functionality to support specific customization requests made by the STATE or the STATE's vendors.
    c. Other system or interface development or modification required due to requests made by the STATE or the STATE's vendors after go-live. This includes modifications to existing interfaces, system integrations, etc. that require development, testing, and/or coordination with CONTRACTOR's solutions.
    d. Extensive changes to benefit design and/or state program, such as a new major program with custom drug benefit formulary. after go-live, if they require substantial efforts for configuration, testing, deployment, and operations.
    e. Efforts associated with Medicaid Enterprise System (MES) modernization of additional modules that require changes to post-implementation solutions.
3. No additional payments or contract amendments may be requested for maintenance operational support efforts. Examples of maintenance operations support with no additional charges or fees permitted include the following:
    a. Benefit design changes, such as: changes to co-pays/tiers, payment methodologies utilizing national benchmark prices, changes to dispensing fees, or reconfiguration to include new waiver populations.
    b. Normal maintenance of the drug formulary, including drug coverage and inclusive of pricing and dispensing fee changes, is included in the base fee and shall not be considered an upgrade or enhancement.
    c. Normal maintenance and upkeep of systems and applications, such as: security patches, planned software releases, system monitoring, or security scans.

d. Configuration or modifications of existing functionality related to industry standard business rules that utilize existing features in the CONTRACTOR's systems, such as: adding or modifying early refill tolerances, adding or modifying accumulator tolerances for refills, adding or modifying a prior authorization requirement, or changing third-party liability processing rules.
e. Efforts to comply with changes in federal claims transactions standards, such as the transition from the NCPDP D.0 to the F.6 standard.

3.3. Payments to subcontractors. (If applicable) As required by Minn. Stat. § 16A.1245, CONTRACTOR must pay all subcontractors, within ten (10) calendar days of CONTRACTOR's receipt of payment from STATE for undisputed services provided by the subcontractor(s) and must pay interest at the rate of 1-1/2 percent per month or any part of a month to the subcontractor(s) on any undisputed amount not paid on time to the subcontractor(s).

4. CONDITIONS OF PAYMENT.

All services provided by CONTRACTOR pursuant to this CONTRACT shall be performed to the satisfaction of STATE, as determined at the sole discretion of its authorized representative, and in accord with all applicable federal, state, and local laws, ordinances, rules and regulations including business registration requirements of the Office of the Secretary of State. CONTRACTOR shall not receive payment for work found by STATE to be unsatisfactory, or performed in violation of federal, state or local law, ordinance, rule or regulation.

5. AUTHORIZED REPRESENTATIVES AND RESPONSIBLE AUTHORITY.

5.1. STATE's Authorized Representative. STATE's authorized representative for the purposes of contract activities is Chad Hope or successor. Phone and email: 651-431-2504; chad.hope@state.mn.us. This representative has the responsibility to monitor CONTRACTOR'S performance and the authority to accept the services provided under this Contract.

5.2. STATE's Representative for Contract Communication. Any communication pertaining to this Contract, including submission of invoices, must be directed to Camille Miller, or her successor. Phone and email: 651-431-4866, camille.miller@state.mn.us. If the services are satisfactory according to the terms and conditions of this Contract as affirmed by the STATE's Authorized Representative, the Representative for Contract Communications will certify acceptance on each invoice submitted for payment.

5.3. CONTRACTOR. CONTRACTOR's Authorized Representative is Tina Hawkins or successor. Phone and email: Phone: 502-216-6882, email: tina.hawkins@primetherapeutics.com. If CONTRACTOR's Authorized Representative changes at any time during this CONTRACT, CONTRACTOR must immediately notify STATE.

5.4. Information Privacy and Security. (If applicable) CONTRACTOR's responsible authority for the purposes of complying with data privacy and security for this CONTRACT is Stacy Ward and Cam Kracke or successor. Phone and email:

For Security:

Cam Kracke, Security; Phone: (612) 777-4109; Email: ckracke@primetherapeutics.com

For Privacy:

Stacy Ward, Privacy Officer; Phone: (612) 777-5697; Email: sward@primetherapeutics.com

6. CANCELLATION.

6.1. For cause or convenience. This CONTRACT may be canceled by the STATE or the Minnesota Commissioner of Administration at any time, with or without cause, upon thirty (30) days written notice to the CONTRACTOR. In the event of such a cancellation, CONTRACTOR will be entitled to payment, determined on a pro rata basis, for work or services satisfactorily performed.

6.2. Insufficient funds. STATE may immediately terminate this CONTRACT if it does not obtain funding from the Minnesota Legislature, or other funding source; or if funding cannot be continued at a level sufficient to allow for the payment of the services covered here. Termination will be by written notice to CONTRACTOR. STATE is not obligated to pay for any services that are provided after the effective date of termination. CONTRACTOR will be entitled to payment, determined on a pro rata basis, for services satisfactorily performed to the extent that funds are available. STATE will not be assessed any penalty if the CONTRACT is terminated because of the decision of the Minnesota Legislature, or other funding source, not to appropriate funds. STATE must provide CONTRACTOR notice of the lack of funding within a reasonable time of STATE's receiving that notice.

6.3. Breach. Notwithstanding clause 6.1, upon STATE's knowledge of a curable material breach of the CONTRACT by CONTRACTOR, STATE shall provide CONTRACTOR written notice of the breach and ten (10) days to cure the breach. If CONTRACTOR does not cure the breach within the time allowed, CONTRACTOR will be in default of this CONTRACT and STATE may cancel the CONTRACT immediately thereafter. If CONTRACTOR has breached a material term of this CONTRACT and cure is not possible, STATE may immediately terminate this CONTRACT.

7. INDEMNIFICATION.

In the performance of this CONTRACT by CONTRACTOR, or CONTRACTOR's agents or employees, CONTRACTOR must indemnify, save, and hold harmless the STATE, its agents and employees, from any claims or causes of action, including attorney's fees incurred by STATE, to the extent they are caused by CONTRACTOR's:

- **a.** Intentional, willful, or negligent acts or omissions;
- **b.** Actions that give rise to strict liability; or
- **c.** Breach of contract or warranty.

The indemnification obligations of this clause do not apply in the event the claim or cause of action is the result of STATE's sole negligence. This clause will not be construed to bar any legal remedies CONTRACTOR may have for STATE's failure to fulfill its obligation under this CONTRACT.

8. INFORMATION PRIVACY AND SECURITY.

Information privacy and security shall be governed by the "Data Sharing Agreement and Business Associate Agreement Terms and Conditions" which is attached and incorporated into this CONTRACT as **Attachment E** except that the parties further agree to comply with any agreed-upon amendments to the Data Sharing Agreement and Business Associate Agreement.

9. INTELLECTUAL PROPERTY RIGHTS.

9.1. Definitions.

a. "Documents" are the originals of any data bases, computer programs, reports, notes, studies, photographs, negatives, designs, drawings, specifications, materials, tapes, disks, or other materials, whether in tangible or electronic forms, prepared by CONTRACTOR, its employees, agents, or subcontractors, in the performance of this CONTRACT.

b. "Pre-Existing Intellectual Property" means intellectual property developed prior to or outside the scope of this CONTRACT, and any derivatives of that intellectual property.

c. "Works" means all inventions, improvements, discoveries (whether or not patentable or copyrightable), databases, computer programs, reports, notes, studies, photographs, negatives, designs, drawings, specifications, materials, tapes, and disks conceived, reduced to practice, created or originated by CONTRACTOR, its employees, agents, and subcontractors, either individually or jointly with others in the performance of the CONTRACT. Works includes "Documents."

9.2. Ownership. STATE owns all rights, title, and interest in all of the intellectual property, including copyrights, patents, trade secrets, trademarks, and service marks in the Works and Documents created and paid for under this CONTRACT. The Works and Documents will be the exclusive property of STATE and all such Works and Documents must be immediately returned to STATE by CONTRACTOR upon completion or cancellation of this CONTRACT. To the extent possible, those Works eligible for copyright protection under the United States Copyright Act will be deemed to be "works made for hire." CONTRACTOR must, at the request of the STATE, execute all papers and perform all other acts necessary to transfer or record the STATE's ownership interest in the Works and Documents. If using STATE data, CONTRACTOR must cite the data, or make clear by referencing that STATE is the source.

9.3. Pre-existing Intellectual Property. Each Party shall retain ownership of its respective pre-existing intellectual property. The CONTRACTOR grants the STATE a perpetual, irrevocable, non-exclusive, royalty free license for CONTRACTOR's pre-existing intellectual property that are incorporated in the products, materials, equipment, deliverables, or services that are purchased through the CONTRACT.

9.4 Responsibilities.

a. Notification. Whenever any Works or Documents (whether or not patentable) are made or conceived for the first time or actually or constructively reduced to practice by CONTRACTOR, including its employees and subcontractors, and are created and paid for under this CONTRACT,

CONTRACTOR will immediately give STATE's Authorized Representative written notice thereof, and must promptly furnish the Authorized Representative with complete information and/or disclosure thereon. CONTRACTOR will assign all right, title, and interest it may have in the Works and the Documents to STATE.

b. Filing and recording of ownership interests. CONTRACTOR must, at the request of STATE, execute all papers and perform all other acts necessary to transfer or record STATE's ownership interest in the Works and Documents created and paid for under this CONTRACT. CONTRACTOR must perform all acts, and take all steps necessary to ensure that all intellectual property rights in these Works and Documents are the sole property of STATE, and that neither CONTRACTOR nor its employees, agents, or subcontractors retain any interest in and to these Works and Documents.

c. Duty not to infringe on intellectual property rights of others. CONTRACTOR represents and warrants that the Works and Documents created and paid for under this CONTRACT do not and will not infringe upon any intellectual property rights of other persons or entities. Notwithstanding any other indemnification obligations addressed within this CONTRACT, CONTRACTOR will indemnify; defend, to the extent permitted by the Attorney General; and hold harmless STATE, at CONTRACTOR's expense, from any action or claim brought against STATE to the extent that it is based on a claim that all or part of these Works or Documents infringe upon the intellectual property rights of others. CONTRACTOR will be responsible for payment of any and all such claims, demands, obligations, liabilities, costs, and damages, including but not limited to, attorney's fees. If such a claim or action arises, or in CONTRACTOR's or STATE's opinion is likely to arise, CONTRACTOR must, at STATE's discretion, either procure for STATE the right or license to use the intellectual property rights at issue or replace or modify the allegedly infringing Works or Documents as necessary and appropriate to obviate the infringement claim. This remedy of STATE will be in addition to and not exclusive of other remedies provided by law.

d. Federal license granted. If federal funds are used in the payment of this CONTRACT, pursuant to 45 C.F.R. § 75.322, the U.S. Department of Health and Human Services is granted a royalty-free, nonexclusive and irrevocable right to reproduce, publish, or otherwise use the work for Federal purposes, and to authorize others to do so.

10. INSURANCE REQUIREMENTS.

CONTRACTOR shall not begin work under the CONTRACT until it has obtained all the insurance described below and provided a Certificate of Insurance evidencing the required limits to the STATE. CONTRACTOR shall maintain the insurance in force and effect throughout the term of the contract. CONTRACTOR is required to maintain and furnish satisfactory evidence of the following insurance policies.

10.1. Workers' Compensation. The CONTRACTOR certifies that it is in compliance with Minn. Stat. § 176.181, subd. 2, pertaining to workers' compensation insurance coverage. The CONTRACTOR's employees and agents will not be considered employees of the STATE. Any claims that may arise under the Minnesota Workers' Compensation Act on behalf of these employees or agents and any claims

made by any third party as a consequence of any act or omission on the part of these employees or agents are in no way the STATE's obligation or responsibility. CONTRACTOR's employees and agents will not be considered employees of STATE. Minimum insurance limits are as follows:

- $100,000 – Bodily Injury by Disease per employee
- $500,000 – Bodily Injury by Disease aggregate
- $100,000 – Bodily Injury by Accident

If Minn. Stat. § 176.041 exempts CONTRACTOR from Workers' Compensation insurance mandates, including if CONTRACTOR has no employees in the State of Minnesota, CONTRACTOR must provide a written statement, signed by an authorized representative, indicating the qualifying exemption that excludes CONTRACTOR from the Minnesota Workers' Compensation requirements.

10.2. General Commercial Liability Insurance. CONTRACTOR agrees that it will at all times during the term of the contract keep in force a commercial general liability insurance policy with the following minimum insurance limits:

- $2,000,000 per occurrence
- $2,000,000 annual aggregate

Such insurance will protect it from claims for damages for bodily injury, including sickness or disease, death, and for care and loss of services as well as from claims for property damage, including loss of use which may arise from operations under the contract whether the operations are by CONTRACTOR or by a subcontractor or by anyone directly or indirectly employed by CONTRACTOR under the CONTRACT. STATE will be named as both an additional insured and a certificate holder on the general commercial liability policy.

10.3. Commercial Automobile Liability Insurance. CONTRACTOR is required to maintain insurance protecting it from claims for damages for bodily injury as well as from claims for property damage resulting from the ownership, operation, maintenance or use of all owned, hired, and non-owned autos, which may arise from operations under this CONTRACT. In the case that any work is subcontracted, CONTRACTOR will require the subcontractor to maintain Commercial Automobile Liability Insurance that conforms to this section. Minimum insurance limits are as follows:

- $2,000,000 per occurrence Combined Single limit for Bodily Injury and Property Damage.
- In addition, Owned, Hired, and Non-owned Automobile coverage should be included.

10.4. Professional Liability Insurance.

This policy will provide coverage for all claims the CONTRACTOR may become legally obligated to pay resulting from any actual or alleged negligent act, error, or omission related to CONTRACTOR's professional services required under the CONTRACT. CONTRACTOR is required to carry the following **minimum** insurance limits:

- $2,000,000 – per claim or event
- $2,000,000 – annual aggregate

Any deductible will be the sole responsibility of the CONTRACTOR and may not exceed $250,000 without the written approval of the STATE. If the CONTRACTOR desires authority from the STATE to have a

deductible in a higher amount, the CONTRACTOR shall so request in writing, specifying the amount of the desired deductible and providing financial documentation so that the STATE can ascertain the ability of the CONTRACTOR to cover the deductible from its own resources.

The retroactive or prior acts date of such coverage shall not be after the effective date of this CONTRACT and CONTRACTOR shall maintain such insurance for a period of at least three (3) years, following completion of the work. If such insurance is discontinued, extended reporting period coverage must be obtained by CONTRACTOR to fulfill this requirement.

10.5. Additional Insurance Conditions:

a. CONTRACTOR's general liability, auto liability, and umbrella policies shall be primary insurance to any other valid and collectible insurance available to STATE with respect to any claim arising out of CONTRACTOR's performance under this Contract.

b. If CONTRACTOR receives a cancellation notice from an insurance carrier providing coverage, CONTRACTOR agrees to notify STATE within five (5) business days with a copy of the cancellation notice, unless CONTRACTOR's policies contain a provision that coverage afforded under the policies will not be cancelled without at least thirty (30) days advance written notice to STATE.

c. CONTRACTOR is responsible for payment of CONTRACT related insurance premiums and deductibles.

d. If CONTRACTOR is self-insured, a Certificate of Self-insurance must be provided to STATE.

e. STATE shall be named as a certificate holder on applicable policies.

f. CONTRACTOR's policy(ies) shall include legal defense fees in addition to its policy limits, with the exception of professional liability.

g. CONTRACTOR's insurance companies must either (1) have an AM Best rating of A- (minus) and a Financial Size Category of VII or better, and be authorized to do business in the State of Minnesota or (2) be domiciled in the State of Minnesota and have a Certificate of Authority/Compliance from the Minnesota Department of Commerce if they are not rated by AM Best.

h. An Umbrella or Excess Liability insurance policy may be used to supplement CONTRACTOR's policy limits to satisfy the full policy limits required by CONTRACT.

11. HUMAN RIGHTS COMPLIANCE.

11.1. Affirmative Action requirements for Contractors with more than 40 full-time employees and contract in excess of $100,000.

(If this contract, including all amendments, does not exceed $100,000, this provision does not apply). If CONTRACT exceeds $100,000 and CONTRACTOR employed more than 40 full-time employees on a single working day during the previous 12 months in Minnesota or in the state where it has its principle place of business, then CONTRACTOR must comply with the requirements of Minn. Stat. § 363A.36 and Minn. R. Parts 5000.3400-5000.3600. A CONTRACTOR covered by Minn. Stat. § 363A.36 because it employed more than 40 full-time employees in another state

and does not have a certificate of compliance, must certify that it is in compliance with federal affirmative action requirements.

11.2. Minn. Stat. § 363A.36. Minn. Stat. § 363A.36 requires CONTRACTOR to have an affirmative action plan for the employment of minority persons, women, and qualified disabled individuals approved by the Minnesota Commissioner of Human Rights ("Commissioner") as indicated by a certificate of compliance. The law addresses suspension or revocation of a certificate of compliance and contract consequences in that event. A contract awarded without a certificate of compliance may be voided.

11.3. Minn. R. parts 5000.3400-5000.3600.

a. General. Minn. R. parts 5000.3400-5000.3600 implement Minn. Stat. § 363A.36. These rules include, but are not limited to, criteria for contents, approval, and implementation of affirmative action plans; procedures for issuing certificates of compliance and criteria for determining a contractor's compliance status; procedures for addressing deficiencies, sanctions, and notice and hearing; annual compliance reports; procedures for compliance review; and contract consequences for non-compliance. The specific criteria for approval or rejection of an affirmative action plan are contained in various provisions of Minn. R. parts 5000.3400-5000.3600 including, but not limited to, parts 5000.3420-5000.3500 and parts 5000.3552-5000.3559.

b. Disabled Workers. CONTRACTOR must comply with the following affirmative action requirements for disabled workers:

1. CONTRACTOR must not discriminate against any employee or applicant for employment because of physical or mental disability in regard to any position for which the employee or applicant for employment is qualified. The CONTRACTOR agrees to take affirmative action to employ, advance in employment, and otherwise treat qualified disabled persons without discrimination based upon their physical or mental disability in all employment practices such as the following: employment, upgrading, demotion or transfer, recruitment, advertising, layoff or termination, rates of pay or other forms of compensation, and selection for training, including apprenticeship.

2. CONTRACTOR agrees to comply with the rules and relevant orders of the Minnesota Department of Human Rights issued pursuant to the Minnesota Human Rights Act.

3. In the event of CONTRACTOR'S noncompliance with the requirements of this clause, actions for noncompliance may be taken in accordance with Minn. Stat. § 363A.36, and the rules and relevant orders of the Minnesota Department of Human Rights issued pursuant to the Minnesota Human Rights Act.

4. CONTRACTOR agrees to post in conspicuous places, available to employees and applicants for employment, notices in a form to be prescribed by the commissioner of the Minnesota Department of Human Rights. Such notices must state the CONTRACTOR'S obligation under the law to take affirmative action to employ and advance in employment qualified disabled employees and applicants for employment, and the rights of applicants and employees.

5. CONTRACTOR must notify each labor union or representative of workers with which it has a collective bargaining agreement or other contract understanding, that the CONTRACTOR is bound by the terms of Minn. Stat. § 363A.36, of the Minnesota Human Rights Act and is committed to take affirmative action to employ and advance in employment physically and mentally disabled persons.

c. Consequences. The consequences for CONTRACTOR's failure to implement its affirmative action plan or make a good faith effort to do so include, but are not limited to, suspension or revocation of a certificate of compliance by the Commissioner, refusal by the Commissioner to approve subsequent plans, and termination of all or part of this contract by the Commissioner or the STATE.

d. Certification. CONTRACTOR hereby certifies that it is in compliance with the requirements of Minn. Stat. § 363A.36 and Minn. R. parts 5000.3400-5000.3600 and is aware of the consequences for noncompliance.

11.4. Equal pay certificate.

a. Scope. Pursuant to Minn. Stat. § 363A.44, STATE shall not execute a contract for goods or services or an agreement for goods or services in excess of $500,000 with a business that has 40 or more full-time employees in the State of Minnesota or a state where the business has its primary place of business on a single day during the prior 12 months, unless the business has an equal pay certificate or it has certified in writing that it is exempt.

b. Commissioner's right to waive requirement. This section does not apply to a business, with respect to a specific contract, if the commissioner of administration determines that the requirements of this Section would cause undue hardship on the business. This Section does not apply to a contract to provide goods or services to individuals under Minnesota Statutes, Chapters 43A, 62A, 62C, 62D, 62E, 256B, 256I, 256L, and 268A, with a business that has a license, certification, registration, provider agreement, or provider enrollment contract that is a prerequisite to providing those good or services.

c. Consequences. If CONTRACTOR fails to obtain an equal pay certificate as required by Minn. Stat. § 363A.44, or is not in compliance with the laws identified in section 363A.44, the Minnesota Department of Human Rights (MDHR) may void this CONTRACT on behalf of STATE, and this CONTRACT may be immediately terminated by STATE upon notice that MDHR has suspended or revoked CONTRACTOR's equal pay certificate.

d. Certification. CONTRACTOR certifies that it has a current equal pay certificate approved by MDHR, if one is required, that it is in compliance with the laws identified in Minn. Stat. § 363A.44. CONTRACTOR certifies it is aware of the consequences for noncompliance.

12. AUDIT REQUIREMENTS AND CONTRACTOR DEBARMENT INFORMATION.

12.1. State audits.

Under Minn. Stat. § 16C.05, subd. 5, the books, records, documents, and accounting procedures and practices of CONTRACTOR and its employees, agents, or subcontractors relevant to this CONTRACT are subject to examination by STATE and either the Legislative Auditor or the State Auditor, as appropriate, for a minimum of six years from the CONTRACT end date.

12.2. Independent audit. If CONTRACTOR conducts or undergoes an independent audit during the term of this CONTRACT, a copy of the audit must be submitted to STATE within thirty (30) days of the audit's completion.

12.3. Federal audit requirements. CONTRACTOR certifies it will comply with 2 C.F.R § 200.501 et seq., as applicable. To the extent federal funds are used for this CONTRACT, CONTRACTOR acknowledges that CONTRACTOR and STATE shall comply with the requirements of 2 C.F.R. § 200.331. Non-Federal entities receiving $750,000 or more of federal funding in a fiscal year must obtain a single or program-specific audit conducted for that year in accordance with 2 C.F.R. § 200.501. Failure to comply with these requirements could result in forfeiture of federal funds.

12.4. Debarment by STATE, its departments, commissions, agencies or political subdivisions.

CONTRACTOR certifies that neither it nor its principles are presently debarred or suspended by the State of Minnesota, or any of its departments, commissions, agencies, or political subdivisions. CONTRACTOR's certification is a material representation upon which the CONTRACT award was based. CONTRACTOR shall provide immediate written notice to STATE's authorized representative if at any time it learns that this certification was erroneous when submitted or becomes erroneous by reason of changed circumstances.

12.5. Certification regarding debarment, suspension, ineligibility, and voluntary exclusion.

Federal money will be used or may potentially be used to pay for all or part of the work under the contract, therefore CONTRACTOR certifies that it is in compliance with federal requirements on debarment, suspension, ineligibility and voluntary exclusion specified in the solicitation document implementing Executive Order 12549. CONTRACTOR'S certification is a material representation upon which the contract award was based.

13. CONTRACTOR DATA DISCLOSURE.

Consistent with Minn. Stat. §§ 270B.09, 270C.65, subd. 3, and 270C.66, and other applicable law, CONTRACTOR understands that disclosure of its social security number, federal employer tax identification number, and/or Minnesota tax identification number, already provided to the STATE, may be provided to federal and state tax agencies and state personnel involved in the payment of state obligations. These identification numbers may be used in the enforcement of federal and state tax laws which could result in action requiring CONTRACTOR to file state tax returns and pay delinquent state tax liabilities, if any.

14. PUBLICITY.

14.1 General publicity. Any publicity regarding the subject matter of this CONTRACT must identify STATE as the sponsoring agency and must not be released without prior written approval from the STATE's authorized representative. For purposes of this provision, publicity includes notices, informational pamphlets, press releases, research, reports, signs, websites, social media, and similar public notices prepared by or for CONTRACTOR individually or jointly with others, or any subcontractors, with respect to the program, publications, or services provided resulting from this CONTRACT.

14.2 Endorsement. CONTRACTOR must not claim that STATE endorses its products or services.

15. JURISDICTION AND VENUE.

This CONTRACT, and amendments and supplements, are governed by the laws of the State of Minnesota. Venue for all legal proceedings arising out of this CONTRACT, or breach of the CONTRACT, shall be in the state or federal court with competent jurisdiction in Ramsey County, Minnesota.

16. CLERICAL ERRORS AND NON-WAIVER.

16.1. Clerical error. Notwithstanding clause 17.2, STATE reserves the right to unilaterally fix clerical errors contained in CONTRACT without executing an amendment. CONTRACTOR will be informed of errors that have been fixed pursuant to this paragraph.

16.2. Non-waiver. If STATE fails to enforce any provision of this CONTRACT, that failure does not waive the provision or STATE's right to enforce it.

17. ASSIGNMENT, AMENDMENT, SEVERABILITY, ENTIRE AGREEMENT, AND DRAFTING PARTY.

17.1. Assignment. CONTRACTOR shall neither assign nor transfer any rights or obligations under this CONTRACT without the prior written consent of STATE and a fully executed assignment agreement, executed and approved by the authorized parties or their successors.

17.2. Amendments. Any amendments to this CONTRACT shall be in writing, and shall be executed by the same parties who executed the original CONTRACT, or their successors in office.

17.3. Severability. If any provision of this CONTRACT is held to be invalid or unenforceable in any respect, the validity and enforceability of the remaining terms and provisions of this CONTRACT shall not in any way be affected or impaired. The parties will attempt in good faith to agree upon a valid and enforceable provision that is a reasonable substitute, and will incorporate the substitute provision in this CONTRACT according to clause 17.2.

17.4. Entire Agreement. This CONTRACT contains all negotiations and agreements between STATE and CONTRACTOR. No other understanding regarding this CONTRACT, whether written or oral may be used to bind either party.

17.5 Drafting party. The parties agree that both parties have had an opportunity to negotiate and draft CONTRACT, and that, in the event of a dispute, the CONTRACT shall not be construed against either party.

18. PROHIBITION ON WEAPONS.

CONTRACTOR agrees to comply with all terms of the Department of Human Services' policy prohibiting carrying or possessing weapons wherever and whenever the CONTRACTOR is performing services within the scope of this contract. This policy, which is located at the business location of the STATE and is available to CONTRACTOR upon request, is incorporated by reference into this contract. Any violations of this policy by CONTRACTOR or CONTRACTOR'S employees may be grounds for immediate suspension or termination of the contract.

19. E-VERIFY CERTIFICATION.

In accordance with Minn. Stat. § 16C.075, For services valued in excess of $50,000, CONTRACTOR certifies that as of the date of services performed on behalf of the STATE, CONTRACTOR and all its subcontractors will have implemented or be in the process of implementing the federal E-Verify program for all newly hired employees in the United States who will perform work on behalf of the STATE. CONTRACTOR is responsible for collecting all subcontractor certifications and may do so utilizing the E-Verify Subcontractor Certification Form.[2] All subcontractor certifications must be kept on file with CONTRACTOR and made available to the STATE upon request.

20. CERTIFICATION OF NONDISCRIMINATION.

In accordance with Minn. Stat. § 16C.053, any contract for which the value, including all extensions, is $50,000, CONTRACTOR certifies it does not engage in discrimination against Israel, or against persons or entities doing business in Israel, when making decisions related to the operation of the CONTRACTOR's business. For purposes of this section, "discrimination" includes but is not limited to engaging in refusals to deal, terminating business activities, or other actions that are intended to limit commercial relations with Israel, or persons or entities doing business in Israel, when such actions are taken in a manner that in any way discriminates on the basis of nationality or national origin and is not based on a valid business reason.

21. SUBCONTRACTOR DIVERSE SPEND REPORTING.

If the total value of this contract may exceed $500,000, including all extension options, CONTRACTOR must track and report, on a quarterly basis, the amount spent with diverse businesses both: 1) directly to subcontractors performing under the CONTRACT, and 2) indirectly to diverse businesses that provide supplies/services to your company (in proportion to the revenue from this CONTRACT compared to CONTRACTOR'S overall revenue). When this applies, CONTRACTOR will be provided free access to a portal for this purpose, and the requirement will continue as long as the contract is in effect.

22. LEGAL COMPLIANCE.

[2] http://www.mmd.admin.state.mn.us/doc/EverifySubCertForm.doc

22.1 General compliance. All performance under this CONTRACT must be in compliance with state and federal law and regulations, and local ordinances. Allegations that STATE deems reasonable, in its sole discretion, of violations of state or federal law or regulations, or of local ordinances, may result in CONTRACT cancellation or termination and/or reporting to local authorities by STATE.

22.2 Nondiscrimination. Pursuant to Minn. Stat. § 181.59 and other applicable law and policy, CONTRACTOR will not discriminate against any person on the basis of the person's race, color, creed, religion, national origin, sex, marital status, gender identity, disability, public assistance status, sexual orientation, age, familial status, membership or activity in a local commission, or status as a member of the uniformed services. CONTRACTOR must refrain from such discrimination as a matter of its contract with STATE. "Person" includes, without limitation, a STATE employee, CONTRACTOR's employee, a program participant, and a member of the public. "Discriminate" means, without limitation, to: fail or refuse to hire, discharge, or otherwise discriminate against any person with respect to the compensation, terms, conditions, or privileges of employment, or; exclude from participation in, deny the benefits of, or subject to discrimination under any CONTRACTOR program or activity.

CONTRACTOR will ensure that all of its employees and agents comply with Minnesota Management and Budget Policy #1329 (Sexual Harassment Prohibited) and #1436 (Harassment and Discrimination Prohibited).

23. CONTINGENCY FEES PROHIBITED.

Pursuant to Minn. Stat. § 10A.06, no person may act as or employ a lobbyist for compensation that is dependent upon the result or outcome of any legislation or administrative action.

24. CRIMINAL BACKGROUND CHECK REQUIRED.

CONTRACTOR shall require CONTRACTOR's employees, agents, independent contractors, or subcontractors performing services under this Contract to cooperate with a criminal background check conducted by CONTRACTOR or a third party agent of CONTRACTOR. Results of criminal background checks shall be provided to the STATE upon request.

STATE may, in its discretion, immediately terminate this CONTRACT in accordance with clause 6.1 upon STATE'S determination that the results of the Criminal Background Check constitutes a disqualifying crime or conduct under Minn. Stat. §§ 245C.14 and 245C.15.

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Signature Page Follows

By signing below, the parties agree to the terms and conditions contained in this CONTRACT.

APPROVED:

1. STATE ENCUMBRANCE VERIFICATION *Individual certifies that funds have been encumbered as required by Minnesota Statutes, chapter 16A and section 16C.05.*

By: _____

Date: _____

Contract No: _____

2. CONTRACTOR

Contractor certifies that the appropriate person(s) have executed the contract on behalf of the CONTRACTOR as required by applicable articles, by-laws resolutions or ordinances.

By: _____

Title: _____

Date: _____

By: _____

Title: _____

Date: _____

3. STATE AGENCY

By: _____

Title: Assistant Commissioner

Date: _____

4. Department of Administration

By: _____

Date: _____

Admin ID_____

Distribution (One fully executed original contract each):

Dept. of Administration
Contracts and Legal Compliance Division
Agency
Contractor

Attachment A-1, Duties and Deliverables

The Contractor is expected to work with State staff assigned to the project throughout all phases of the project. State staff will be involved in all facets of the project. The Contractor will fully support State staff participation.

The primary objectives of State staff involvement are documentation, communication and understanding of project artifacts and quality oversight.

The Contractor is solely responsible for successful completion of all Contractor responsibilities.

I. General Expectations. The Contractor must:

1. Work closely with the MNIT@DHS Project Manager (PM).
    a. Ensure all project statuses are up-to-date and communicated to the PM.
    b. Provide timely notification of any significant change in status, issues, or risk.
2. Provide day-to-day project management for project tasks.
3. Document work according to the standards and practices currently in effect for DHS, MNIT@DHS and the project.
4. Provide updates as required for MNIT and DHS leadership.
5. Adhere to the approved Organization Change Management Plan.
6. Quality Management/Quality Assurance. Participate in quality management planning and implementation.
    a. Complete Quality Assurance activities as directed by the MNIT@DHS Quality Assurance Manager and User Acceptance Testing as required by MN Statute 16E.031.
    b. Develop and provide a complete internal quality control program to ensure appropriate administration of all responsibilities specified in this Contract
7. Lead transition-into-production work with DHS, MNIT@DHS and State Vendor's staff to:
    a. Develop transition, training and operations plans for the solution; and
    b. Develop and maintain training, transitional and operational documentation.
8. Actively participate in and commit to facilitating a successful CMS Certification process.
9. Foster an environment that supports and drives collaboration and staff engagement in support of State objectives.
10. Provide the following throughout all phases of the project:
    a. Documentation of the recommended and current configuration.

b. Demonstration of core business processes using recommended configuration.

c. Customization or enhancement when written approval from designated DHS and MNIT@DHS management is obtained.

11. The Contractor will be responsible for day-to-day system operations including the helpdesk support.
12. Onboard and train current and future staff with respect to all relevant Contractor systems and applications.
13. Ensure the pharmacy Point of Sale and related systems and applications maintain 95.5% availability.
14. Actively participate in and commit to working with additional State of Minnesota's Pharmacy system vendors as those systems are transitioned to the Contractor or another vendor.
15. Actively work with the State on complying with the CMS Interoperability and Patient Access Rule.
16. As needed, work with the State's external vendors or with the State to allow for related work to be performed by other vendors or the State, but executed within the Contractor's system.

II. Point-of-Sale (POS) Pharmacy system.

1. The Contractor will provide a Point-of-Sale (POS) Pharmacy system in compliance with the following regulatory requirements:
    a. The POS system must comply with all MITA requirements.
    b. The POS system must meet all certification and recertification requirements established by the Centers for Medicare and Medicaid Services (CMS) to permit approval of the maximum allowable Federal Financial Participation (FFP) for the entire contract period. The Contractor will also complete all necessary duties and tasks to assist the State in securing CMS certification for the POS and related components.
    c. The POS system must be compliant with the Health Insurance Portability and Accountability Act of 1996 (HIPAA), the Health Information Technology for Economic and Clinical Health Act of 2009 (HITECH), the Minnesota Health Care Administrative Simplification Act of 1994 (ASA), and all state and federal rules and regulations thereunder.

d. The POS will be in compliance with all federal Medicaid requirements for coverage, service delivery, payment, rebates, and reporting with regards to outpatient prescription drugs.
e. The POS will be maintained and enhanced by the Contractor to incorporate any new federal requirements by the mandated federal effective dates.
f. The POS system must adhere to State standards for accessibility, which incorporate requirements of revised Section 508 of the Rehabilitation Act of 1973 and meeting at least Level AA of all criteria of the most current Web Content Accessibility Guidelines (currently WCAG 2.1).
g. The POS must produce and transmit a daily Fast Healthcare Interoperability Resources (FHIR) drug formulary file to the State, or the State's contractor, using the Da Vinci Project Implementation Guide (PDex Formulary IG) so the State can comply with the CMS Interoperability and Patient Access Rule.
h. The POS must adhere to, and be compliant with, current and future National Council for Prescription Drug Programs (NCPDP) standards.
i. The Contractor must only use the State's data, including claim data and trends, for the purposes of executing tasks and duties related to their contract with the State. The Contractor must not sell, distribute, or otherwise disclose the State's data without approval from the State in writing.

2. The Contractor will provide a POS system that allows for comprehensive pharmacy benefit management and administration including the following functions:
    a. Maintain up-to-date drug coding, pricing, indication, contraindication, and dosing files from either First DataBank (FDB) or MediSpan.
    b. Allow for configuration of the pharmacy benefit based on the member's major program eligibility in Medical Assistance, Emergency Medical Assistance, MinnesotaCare, the AIDS Drug Assistance Programs (ADAP), Medicare eligibility (dually eligible), the Minnesota Family Planning Program, and any future major programs. Customizable formulary by major program eligibility must:
        i. Include weekly updates based on the additions or deletions to the FDB or MediSpan drug file (or both)
        ii. Permit exclusion of select drugs or drug classes based on statutory limitations
        iii. Be maintainable and customizable by state staff or Contractor staff to allow for changes to the major program formulary as soon as possible, but no longer than 3 business days
        iv. Include coverage based on Medicare part D eligibility

v. Permit assignment of a hierarchy to apply the correct major program formulary if a member is eligible for more than one major program

c. Provide real-time claims and MHCP member eligibility transactions.

d. Maintain MHCP Provider enrollment files, including the pharmacy and prescriber National Provider Identifier (NPI) and information required for electronic claim submission.
   i. Files will be transmitted and loaded at an interval agreed to by the Contractor and State, but will not be less frequent than once per day.
   ii. The Contractor must have the ability to manually add or terminate a provider's record outside of the typical load process to address critical access issues.
   iii. Provider enrollment duties will remain the responsibility of the State.

e. Maintain and configure the major program Drug Formulary Files as directed by the State.

f. Accept and respond to real-time claims using the current, and any future, NCPDP claims standards.

g. Maintain MHCP member eligibility files, including major program eligibility, eligibility date spans, retroactive coverage, and overlapping major program eligibly using a hierarchy defined by the State.
   i. Files will be transmitted and loaded at an interval agreed to by the Contractor and State, but will not be less frequent than once per day.
   ii. The Contractor must have the ability to manually add or terminate a member's record outside of the typical load process to address critical access issues.
   iii. Program eligibility determinations will remain the responsibility of the State.

h. Maintain MHCP member claim history and diagnosis information to allow for the use of medical claims information in the adjudication of outpatient pharmacy claims.
   i. Files will be transmitted and loaded at an interval agreed to by the Contractor and State, but will not be less frequent than once per day.

i. Adjudicate claims for outpatient drugs and specified medical supplies according to MHCP policy and transmit adjudicated All Claims Data to the State using the appropriate NCPDP format.
   i. Adjudicated claim files will be transmitted and loaded at an interval and schedule agreed to by the Contractor and State, but will not be less frequently than once per week.

ii. Payments to providers for pharmacy services will continue to be issued by the State.

j. Apply and adjudicate claims against a robust option of claims processing edits, including:
   i. Adjudicate electronic prior authorization edits based on programmable algorithms using member's drug history, attributes (e.g. age or gender), and/or diagnosis codes.
   ii. Configurable refill-too-soon edits, including an excess day supply accumulator, for claims with the same drug, dosage form, and strength. At a minimum the configuration must allow for a different refill-too-soon tolerance for controlled and non-controlled drugs.
   iii. Configurable therapeutic duplication edits for claims with the same drug, but different dosage forms or strengths, or different drugs within the same or similar drug classes.
   iv. Require a clinical prior authorization to be obtained prior to the claim being able to successfully process. The prior authorization functionality must include:
      1. Assignment at the member level and not restricted to a particular pharmacy, or pharmacies, unless required by the State.
      2. Assignment at a variety of drug classification levels, such as GSN, GCN, HSN, GPI 8, GPI 10, GPI 12, or GPI 14.
      3. Ability for a prior authorization requirement to be bypassed, either electronically or manually, if TPL pays at least 60% of the allowed amount of the claims as required by state statute.

k. Prospective Drug Utilization Review (ProDUR) edits that can be configured to be informational, overridable by the dispensing pharmacist, overridable by the Contractor's provider help-desk, overridable with a prior authorization, or not overridable based on the State's direction. The ProDUR edits must include:
   i. Therapeutic duplication,
   ii. Overutilization,
   iii. Underutilization,
   iv. Drug-disease contraindications,
   v. Drug-drug interactions,
   vi. Incorrect drug dosage or duration of treatment,
   vii. Drug-allergy interactions,
   viii. Drug related clinical issues indicating abuse or misuse,

ix. Drug dosage-age issues,
x. Drug accumulation edits across multiple drugs or claims. For example; applying a 90 morphine milligram equivalent accumulation cap across multiple claims for opiates for a MHCP member.
xi. Maximum or minimum quantity limits per claim or per time period.
xii. Gender edits for select gender specific drug treatments as approved by the State.
xiii. Age restrictions for select drugs as approved by the state.
xiv. Diagnosis code restrictions, either in the MHCP members profile of medical or pharmacy claims, or submitted on the claim.
xv. Maximum cost per claim edits that would require authorization for the claim to process (e.g. claims exceeding $75,000 would require call center overrides).
xvi. Ability to support and maintain a Preferred Drug List program that may or may not apply a prior authorization to either preferred or non-preferred drugs at the State's direction.
xvii. The system must be able to produce the necessary ProDUR reports to support the State in completing the CMS Annual Drug Utilization Review (DUR) report, as described in Section 1927 (g)(3)(D) of the Social Security Act.

l. Maintain MHCP member Third Party Liability (TPL) files and perform coordination of benefits (COB) on claims for MHCP members with TPL coverage according to MHCP policy.
    i. Files will be transmitted and loaded at an interval agreed to by the Contractor and State, but will not be less frequent than once per day.
    ii. The Contractor will have the ability to manually add or terminate a member's TPL record outside of the typical load process to address critical access issues.
    iii. TPL claim functionality must include the ability to:
        1. Processing claims using the Other Payer Amount Paid (OPAP) logic, Other Payer Patient Responsibility Amount (OPPRA) logic, or the lesser of the OPAP or OPPRA as directed by the State.
        2. Configuring allowable COB data elements such as which other coverage codes will result in a claim to pay or deny (e.g. deny claims submitted with Other Coverage Code = 1 for members with an active TPL record).

3. Configure the TPL files to ensure only TPL records with pharmacy benefit coverage are applied to claims processing edits.
4. Prepare extracts for “pay and chase” TPL claims activity when necessary.

m. Apply sophisticated pricing logic to claims processed through the system, including the ability to pay a different basis of cost for the ingredient cost, dispensing fee, administration fee, and/or other fees for at least all of the following categories of products:
   i. Drugs
   ii. Multi-ingredient compounds
   iii. Non-prescription drugs
   iv. 340B claims from 340B covered entities
   v. Non-340B claims from 340B covered entities
   vi. Specialty drugs, including hemophilia clotting factor
   vii. Home infusion therapy claims from home infusion therapy pharmacies
   viii. Vaccines and other administered drugs (e.g. long acting injectable antipsychotics)
   ix. Non-drug medical equipment and supplies
n. Utilize different pricing benchmarks in the pricing logic calculations for different categories of products, including at least the following:
   i. Wholesale Acquisition Cost,
   ii. National Average Drug Acquisition Cost (brand and/or generic),
   iii. State Maximum Allowable Cost,
   iv. Federal Upper Limit, and
   v. 340B ceiling price estimate (either calculated by the Contractor or supplied by the State and loaded by the Contractor)
o. Process claims for multi-ingredient compound drugs in compliance with current, and future NCPDP standards, including:
   i. Processing multi-ingredient compounds to pay for the covered lines, but denying the non-covered lines, using indicators such as the Submission Clarification Code or other identifiers as identified by the State.
   ii. Applying line-level pricing logic to use different pricing benchmarks as defined by the State.
   iii. Applying different dispensing fee logic that is configurable to pay a single dispensing fee per claim, or multiple fees based on the number

of covered ingredients or other NCPDP compliant factors if necessary as defined by the state.

iv. Applying claims processing edits, such as quantity limits or prior authorization requirements, based on the covered ingredients in the multi-ingredient compound.

v. Applying, or bypassing, claims processing edits, such as refill-too-soon thresholds for multi-ingredient compound lines, as approved by the State.

p. Allow for the operation and management of a Restricted Recipient program for members enrolled into the program by the State. Functionality must include:

i. Allowing for a claim to pay only if the claim is prescribed by a particular prescriber, or prescribers, attributed to the member.

ii. Allowing for a claim to pay only if the claim is submitted from a particular pharmacy, or pharmacies, attributed to the member.

iii. Allowing for claims from unattributed prescribers or pharmacies to pay based on overrides issued at the direction of the State.

iv. Ability to manually update the attribution of prescribers and pharmacies in real-time.

v. Ability to process automated daily batch updates, additions, or deletions to the restricted recipient program file.

vi. Ability to create, test and maintain automated algorithms, based on criteria provided by the State, designed to identify recipients who may be appropriate for placement in the Restricted Recipient program.

vii. The Contractor will provide a report that includes but is not limited to the following fields:

1. Pharmacy NPI
2. Pharmacy name
3. Recipient ID
4. Prescriber NPI
5. Date of Service
6. Drug therapeutic class code
7. Drug NDC
8. Drug name, strength, dosage form
9. Drug generic code(s), with description
10. Drug quantity
11. Billed amount, and
12. Paid amount.

q. Allow for the operation and management of a process for ensuring 340B claims are adjudicated in accordance with state and federal requirements, including:
    i. The ability to reimburse providers a different rate for 340B claims vs. non-340B claims. This requirement must allow for a single NPI to be used, or different NPIs assigned to a covered entity to reflect one is 340B claims and the other is for non-340B claims.
    ii. The ability to identify 340B claims using the Submission Clarification Code, Submission Type Code, or the most current NCPDP standard for identifying 340B claims.
    iii. Interfacing with the Drug Rebate Management System to ensure 340B claims are excluded from being invoiced for the federal or supplemental drug rebates using the HRSA exclusion list, Submission Clarification Code, Submission Type Code, the most current NCPDP standard, or a combination of those factors.
    iv. The ability to include or exclude contract pharmacies from being able to submit claims for 340B drugs to the State.
r. Allow for authorization and management of specific drugs and claims for members eligible for Emergency Medical Assistance (EMA). The system and Contractor must:
    i. Only allow claims to pay for approved drugs included on the members approved Care Plan Certification (CPC).
    ii. Manually interact or automatically interface with the State's EMA Contractor to complete all necessary authorizations to allow drugs included on the approved Care Plan Certification to pay in the system.
    iii. At the direction of the State, develop drug lists that can be attributed to certain EMA CPCs for bypassing the CPC review and prior authorization.
s. Contractor must provide for an independent auditor, subject to approval by the State, to complete a Service Organization Control (SOC 1) engagement, specifically the Statement on Standards for Attestation Engagement No. 16 (SSAE16) audit each year.

III. Drug Rebate Management System

1. The Contractor will provide a drug rebate platform, including necessary claims and encounter interfacing, for both federal and supplemental drug rebate processing for all drugs, including:
    a. Conforming to all CMS data and file layouts

b. Complying with all CMS requirements related to the administration of a drug rebate program.
c. Tracking utilization, payments, balances, credits, and disputes
d. Data analytics and reporting, including
    i. The drug rebate platform must be able to produce a CMS compliant CMS-64 report with regards to pharmacy expenditures and rebates.
    ii. The platform must have the ability to produce ad hoc reports, such as claim level details.
    iii. The contractor will build, or assist State staff in building, up to 15 ad hoc report templates a year as needed.
e. Contractor will be responsible for invoicing, including generating hard copy invoices and/or electronic invoices, text file of invoices, drug rebates for federal, supplemental, and select durable medical equipment (e.g. diabetic supplies) rebates. The Contractor should maximize the use of electronic invoices vs. hard copy invoices whenever possible.
f. Process and/or deposit payments; both paper checks and EFT, as directed by the State
g. Disputes and dispute resolution. The system must have a robust dispute resolution platform that includes and not limited to: dispute status, dispute reason, type of resolution, assignment of dispute, contact person that resolved, date of acceptance, date of resolution.
h. Applying prior quarter adjustments and changes in unit rebate amounts,
i. Reconciliation of invoices to payments,
j. Tracking outstanding balances and applying interest consistent with federal requirements as well as generating and distributing past due account letters.
k. Creating and distributing data extracts as required by CMS.
    i. The drug rebate platform must provide for the administration of the drug rebate program for all covered outpatient drugs for both FFS and managed care claims, including utilization from outpatient pharmacy claims, professional claims, and institutional claims.
    ii. The claims files will be transmitted and loaded at an interval agreed to by the Contractor and State, but will not be less frequent than once per quarter.
l. The drug rebate platform must be configurable to allow for inclusion, or exclusion, of claims in the drug rebate process based on the business rules developed by the state, including reason codes for issues like zero paid FFS claims and 340B claims based on claim or line level indicators.

m. The drug rebate platform must be capable of interfacing with the State's MMIS, and subsystems, as well as CMS and external parties as directed by the State (e.g. Data Niche).
n. The system must have audit log capabilities to track user activity by date and time.

2. The Contractor will provide Drug Rebate Operational Support to complete the following operational components associated with the federal and supplemental Drug Rebate programs:
    a. Creating standard operation procedures approved by the State, which are to be reviewed and reapproved as needed or annually.
    b. Prepare paper, or electronic, drug rebate invoices quarterly, or as needed, to comply with state, federal, and contractual invoicing requirements.
    c. Distribute paper or electronic drug rebate invoices to manufacturers quarterly, or as needed.
    d. Provide claim level detail reports to manufacturers when requested, or with the electronic invoices.
    e. Receive, research, and adjudicate drug rebate disputes from manufacturers.
    f. Receive payments, or payment information, related to drug rebate invoices and apply the payments to drug rebate invoices.
    g. Prepare reports, including the CMS-64 reports, related to prescription drugs and drug rebates.
    h. Correspond with manufacturers, and entities working on behalf of manufacturers, on drug rebate related issues.
    i. Maintain accurate drug rebate conversion factors between CPT/HCPCS codes and CMS rebate units and NCPCP units and CMS rebate units.
    j. Prepare quarterly summary reports for the State detailing rebate activities for the past quarter, and year to date.
    k. Work with the State's finance department to ensure accurate claiming of federal funds, and allocate drug rebates between state and federal funding, for drug rebate payments.

IV. Member and Provider Customer Service Call Center and Contract Support

The Contractor will perform the following support/supplemental services:

1. Provide a member and provider help desk, 24 hours per day, 7 days per week, to assist with and resolve claims submission issues and inquiries.

2. Develop and seek approval from the State for protocols for addressing common claims processing denials for which overrides are requested by members or providers.
    a. Administrative issues and inquiries, for which there is a protocol approved by the state (e.g. lost/stolen medication and early refill requests), may be addressed by any call center personnel.
    b. Clinical issues and inquiries that do not have a protocol approved by the state must be addressed by, or escalated to, a licensed healthcare provider operating within the scope of their license (e.g. pharmacist) for resolution.
    c. The call center must be staffed 24 hours per day and cannot rely solely on automated technology to address member and provider issues and inquiries.
    d. Specialized personnel, such as licensed healthcare providers, must be available at least 14 hours of each day from 8:00 am to 10:00 pm Central Time. Specialized personnel may be available on-call outside of the mandatory staffing period and issues and inquiries that are received outside of the mandatory staffing period must be addressed within 24 hours.
3. Calls must be recorded, and recordings must be made available to the State upon request. The call center must maintain call logs that document the identity of the caller and the subject matter of the call.
4. The call center must refer members or providers to specific State business areas when issues arise that fall outside for the Contractor's duties. For example, questions regarding a member's eligibility in the ADAP program would be referred to the State's ADAP customer care line.
5. Provide a dedicated account manager to serve as the single point of contact for the State to contact for all contract and performance issues. The Contractor will also employ or contract with sufficient clinical and IT resources to interact with the State's clinical and IT staff. The account manager can also serve in a clinical or IT role.
6. Provide support following implementation of scheduled systems changes, enhancements or corrections in support of maintenance and operations for the solution ensuring knowledgeable support personnel are available to address any impacts that may arise.
7. Lead weekly meetings with the State to discuss the system and Contractor's performance, including: projects, work orders, prioritization of work, testing, patches and upgrades.
8. Provide training to the State and any system users on the Contractor's system(s).
9. Provide a decision support query tool for querying claims processed in the Contractor's system(s) and at least 2 years' worth of historical claims data prior to implementation.
10. Provide updated NCPDP payer specification documents that reflect the POS requirements for public posting.
11. Provide State users with NCPDP payer specifications that include in-depth detail, e.g. valid values, user resource and reference documents, and training materials in an easily accessible data store, or online location.

12. Provide the State with access to any documents, papers, reports and records of the Contractor, to allow the State to respond to State or Federal audits or provide information requested in the course of civil, criminal or administrative proceedings.

V. Retrospective Drug Utilization Review

Contractor will implement a comprehensive Retrospective Drug Utilization Review (DUR) program as follows:

1. Contractor will appoint a contact person / account manager to serve as liaison with the State DUR Coordinator. If the appointed person is not a pharmacist, Contractor shall assign a clinical pharmacist(s) as first point of contract to answer clinical questions pertaining to DUR interventions, criteria, educational materials, and outcomes analysis which include both outcomes assessments and outcomes reports.
2. Contractor will provide an initial, then annual, program assessment with recommendations for future population-based interventions based on the Contractor's analysis of current state drug utilization trends, number of exceptions identified, and the potential for clinical and/or economic impact.
3. Contractor will provide ongoing periodic examination, at least monthly, of paid pharmacy and medical claims data to identify "exceptions", defined as: prescribing or dispensing patterns of fraud, abuse, gross overuse, or inappropriate or medically unnecessary care among prescribers, pharmacists, and Medicaid members.
    a. State will provide claims data for examination to Contractor on a monthly basis if additional claim data is required beyond what the Contractor already possesses to perform other components of this contract.
    b. Contractor will focus on patterns associated with (1) specific drugs, (2) specific classes of drugs, and (3) drugs associated with the treatment of specific disease states, as directed by State.
    c. Contractor will provide their existing, current criteria or proposed criteria and algorithms used in the Contractor's Retrospective Drug Utilization to the State.
    d. Contractor will develop new criteria as well as periodically review and update existing criteria and algorithms used in identification of drug therapy exceptions from processed claims.
    e. Contractor will perform claims-testing of all new criteria.
    f. The provision of predefined and well-referenced, evidence-based criteria includes:
        i. specific diagnoses and/or drugs that are included and/or excluded;
        ii. indicator logic;

iii. corresponding provider paragraphs; and
iv. all supporting clinical references.

g. Contractor will develop criteria and identify practice parameters which will comprise the predetermined standards used to identify exceptions in their monthly retrospective claim analysis.
h. Some DUR criteria will warrant comparison of prescribing patterns among the prescriber's peer group, e.g. opioid drug prescribing.
i. Criteria employed in interventions and the resulting outcomes must satisfy state and federal reporting requirements.
j. The predetermined standards and the minimum issues to be identified will include, but is not limited to, those listed in 42 CFR section 456.709 and those under the SUPPORT Act of 2018, Pub.L. 115-271.
k. Predetermined standards and minimum issues to be identified will be subject to review and modification by the State DUR Coordinator and State DUR Board.
l. Contractor will provide a secure web-based DUR tool or a similar functionality that allows the State DUR Coordinator to select and access the results/number of occurrences per each DUR criteria, including those Minnesota-specific criteria as well as the Contractor's standard criteria template. Data and results should be refreshed on a monthly basis for State pharmacy staff review.
m. Contractor will provide patterns/trends to the State for State-identified focus drugs, including opioids, benzodiazepines, and antipsychotics, which are the drugs included in the SUPPORT Act.
n. All criteria and algorithms developed by Contractor will be subject to DUR Board review and approval and, therefore, must be modifiable.

4. Contractor will attend and present population-based Retro DUR interventions to the DUR Board at quarterly DUR Board meetings.
    a. At least two weeks before the quarterly DUR Board meetings, Contractor will provide population-based intervention materials which include the proposed interventions, respective DUR criteria, DUR paragraphs, education inserts, clinical references, and the proposed prescriber letter to State for State's review and modifications.
5. Based on the identification of exceptions in its claims data analysis, Contractor will conduct "retrospective interventions" on providers, as approved by the State.
    a. Contractor will present retrospective DUR criteria and population-based interventions to the DUR Board for approval and potential modification.

i. The presentation will require in-person attendance or virtual attendance at the DUR board meetings depending on the meeting format.
ii. Contractor will provide the complete DUR intervention package (which includes the inclusion and exclusion criteria, corresponding provider message or paragraphs, proposed provider letter, educational material, background, and clinical references in order) to allow the DUR Coordinator and DUR Board to fully understand proposed interventions.

b. Periodically, not less than quarterly, population-based DUR exceptions that are clinically significant and/or provide significant cost savings will be selected for intervention by the State.
c. Two DUR interventions per year will specifically target/emphasize psychotropic drug use in youth under eighteen years of age using Minnesota specific criteria.
d. The interventions will consist of at least six (6) packet mailings per year to targeted providers regarding their specific patients, with the purpose of changing provider behavior through communication and education.
e. Prior to mailing a DUR intervention, Contractor will deliver to State, in hard copy format, one completely assembled DUR packet which includes the mail-merged prescriber name and address into the cover letter, all intervention material, and response forms, sealed in a mailing envelope.
f. Contractor will prepare and mail a complete DUR intervention package which includes communication format(s), prescriber letter, Retro DUR message content, patient medication histories when appropriate, educational materials with clinical references, and provision for and receipt of provider feedback.
g. Contractor will ensure that all mailings meet HIPAA standards.
h. After each intervention, Contractor will review the results and outcomes for clinical and economic impact.
i. Contractor will provide outcomes assessments for all population-based interventions and outcomes reporting for the State's patient profile intervention.

6. Approximately seven months after the intervention, Contractor will provide State with individual population-based outcome reports.
7. Contractor will collect provider feedback from the provider interventions and report on that feedback to State on a monthly basis.

8. Not later than May 1st of each year or 30 days following the template being provided by CMS, whichever is later, contractor will provide reports for the retrospective component of the Medicaid Drug Utilization Review Annual Report that State makes to CMS annually, as referenced in 42 CFR section 456.712 and Section 1927 (g) (3) (D) of the Social Security Act.
    a. The outcome reports, including Contractor's methodology, will be subject to review and final approval by the State DUR Coordinator.
    b. The Contractor's criteria tables and output reports which are included in the Medicaid Drug Utilization Review Annual Report required by CMS must follow the formatting and methodology required by CMS.
    c. Contractor will provide for final approval, the analysis of the outcomes of retrospective DUR interventions performed throughout last FFY.
    d. The Contractor's final reports will be approved by the DUR Coordinator.
9. For retrospective intervention packets that are returned because of an incorrect address after mailing, Contractor will reach out to prescribers and ask them to update their addresses with credentialling agencies. Contractor will re-mail the packet to the corrected address as requested by the State.
10. Contractor will follow-up with pharmacies to correct the prescription information on responses back from providers where they indicate they are "not the provider for this patient."
11. Contractor will provide a detailed monthly psychotropic drug use in youth report for all youth in Minnesota Medicaid including FFS and each prepaid health plan (PPHP).
    a. The report will be in Microsoft Excel and must include the following flags:
        i. Number of multiple concurrent psychotropic drugs using criteria/coding approved by the State, currently 4 or more drugs per generic drug code level excluding select anticonvulsants if recipient has a seizure diagnosis within the last 2 years;
        ii. High dose antipsychotics and high dose drugs to treat ADHD, using State thresholds per drug per age or State-approved thresholds;
        iii. Appropriate metabolic monitoring using State approved criteria.
    b. The report will include but is not limited to the following fields:
        i. 8-digit member ID,
        ii. first name,
        iii. last name,
        iv. Date of Birth,
        v. calculated age as of the 30th of the month,
        vi. plan eligibility for month (FFS or specific PPHP),
        vii. the count of psychotropic drugs per recipient ID for 53/60 days,
        viii. criteria,

ix. specific drugs per flag per specific recipient,
x. drug and dose for high dose criteria,
xi. psychotropic drug prescriber ID(s),
xii. prescriber name(s),
xiii. End date for data (last full month of data).

12. Contractor will provide periodic trend reports, at time intervals determined by State, which include summary data tables and graphs of the prevalence of occurrence of youth psychotropic drug criteria indicators, as counts and as a percentage, for FFS and for each MCO plan, and a report comparing FFS with MCO in aggregate.
13. Contractor will provide up to 8 hours of ad-hour reporting and/or clinical analysis each month.
14. Contractor will respond to State DUR questions within two business days, and will provide ad-hoc reports requested by the State DUR Coordinator within five business days.

VI. State Maximum Allowable Cost (MAC)

1. Contractor will develop a State MAC list that reflects current pharmaceutical market conditions, considering:
    a. Ingredient costs
    b. Cost of acquisition
    c. Pharmacy's need for flexibility in the acquisition of drugs.
    d. The wholesale drug distributor tax and corresponding provider taxes, enacted at Minnesota Statutes § 295.52, impose a tax on pharmaceuticals, which is reimbursed to pharmacies as an add-on to the claim and must not be included in the recommended State MAC rates.
    e. The current pharmacy dispensing fee of $10.77, or any future pharmacy dispensing fees.
    f. All MACs must be set at levels that will not discourage participation in Minnesota Medicaid.
2. Contractor will ensure that the State provides fair and equitable compensation to pharmacy providers by closely approaching the Actual Acquisition Cost (AAC) while not exceeding the Federal Upper Limit (FUL) in the aggregate as defined in 42 CFR 447.512.
3. The MAC list will include prescription, specialty, and over-the-counter medications, and must include, at a minimum, all the products currently subject to State MAC.
    a. Contractor will identify generically available legend and over-the-counter drugs for inclusion in the MAC program and provide suggested pricing for such products.

b. Provide MAC pricing for specialty drug products. Specialty drug products are defined as those used by a small number of recipients or recipients with complex and chronic diseases that require costly drug regimens. Specialty pharmaceutical products include injectable and infusion therapies, biotechnology drugs, high-cost therapies, and therapies that require complex care.
c. Provide proposed State MAC pricing for drugs used for hemophilia patients, even if the drugs are considered single source.

4. Contractor will provide the following recommended MAC pricing lists to the State using a secure transmission mechanism mutually agreed to by the parties at weekly intervals.
    a. A Microsoft Excel document listing all NDCs subject to a MAC price as well as the NDC description, the MAC rate, and the effective date.
    b. A recommended list of State MAC prices based on generic code level identifier including the drug name, strength, and dose formulation. The State GCN MAC updates must include, for each drug:
        i. Recommended effective dates for the pricing change.
        ii. Recommended new State MAC price per generic level identifier (drug name, strength, and dose form).
        iii. The GCN MAC list must be provided in a Microsoft Word document on a template provided by the state as well as a Microsoft Excel format. If the MAC list is posted to a public web site, it will be posted in PDF format.
    c. A separate specialty and hemophilia drug MAC list weekly or a frequency mutually agreed to by the parties. Updates will be made quarterly or as needed based on provider appeals.
        i. The specialty and hemophilia drug MAC list must include the NDCs of each product for which a MAC price applies.
        ii. The specialty and hemophilia MAC list must be provided in a Microsoft Word document on a template provided by the state as well as a Microsoft Excel format. If the MAC list is posted to a public web site, it will be posted in PDF format.
    d. A separate MAC list for drugs administered in an outpatient setting and billed via HCPCS codes.
        i. The outpatient administered MAC list must provide, at a minimum, the applicable HCPCS code, the price per HCPCS code unit, the HCPCS code description, and the effective date.
        ii. The outpatient-administered MAC list must be in a Microsoft Excel format.

5. Contractor will provide support by telephone, fax, email, mail, Internet or other means to promptly investigate, respond to, and resolve pharmacy or other stakeholder questions, concerns, and disputes relating to State MAC prices.
    a. Contractor will operate a MAC provider help desk dedicated to Minnesota providers and stakeholders and available at least from 8:00 am – 5:00 pm Central Time, Monday through Friday, exclusive of State holidays.
    b. Contractor may require pharmacies to support concerns and disputes by providing some evidence of amount paid or drug product availability.
    c. Contractor will respond to provider or stakeholder questions within one business day.
    d. Contractor will provide a method of tracking provider inquiries and provide the State with a weekly or monthly summary of provider inquiries and their resolution.
6. Contractor will submit the following reports to the State:
    a. Fiscal savings estimates per drug product before and after State MAC adjustments.
    b. Fiscal savings estimates per drug product and per drug class before and after State MAC adjustments to pricing for specialty and hemophilia products.
    c. Monthly and annual cost savings reports, including
        i. Cost savings estimated as compared to purchasing the drugs at the reimbursement methodology described in Minnesota Statutes § 256B.0625.
        ii. Aggregate compliance with Federal Upper Limit (FUL) pricing.
    d. A quarterly list of drugs lacking State MAC pricing and related reasons.
    e. A quarterly report of the brand name drug products that are expected to lose patent protection in the next twelve month period.
7. Contractor will provide professional and other services necessary to successfully maintain the State's MAC program.
    a. Contractor will measure, evaluate, and report on drug pricing, drug pricing trends, and cost savings of the MAC program as appropriate.
    b. Contractor will provide the State with information on relevant external factors affecting prescription drug pricing, including but not limited to federal legislation and program implementation, legal issues or cases affecting drug pricing, trends in prescription drug reimbursement, and pharmacy provider issues.
    c. Contractor will evaluate and report on relevant changes in drug product prices, changes in the number of manufacturers and / or wholesalers

providing drug products, and changes in the availability of generic drug products.

d. Contractor will provide notice to the State and respond within 24 hours to changing circumstances in the drug marketplace that require State MAC prices to be reviewed, reduced, increased, removed, or suspended, or State MAC prices to be implemented.

8. Contractor will provide strategic consulting to the State on matters related to prescription drug pricing.
    a. Contractor will monitor drug shortages and provide the State with suggestions for temporarily increasing or removing the MAC based on the situation in the marketplace.
    b. Contractor will continuously monitor the marketplace, particularly as new generic drugs become available and as price fluctuations occur.
        i. Provide the State 30 days' notice when there is advanced notice of product launch of a new generic (first generic) to the market and a reminder 5 days before launch.
        ii. Provide the State 1 day notice of market introduction that is the first generic product (after patent loss) released to wholesalers.
        iii. Provide the State 5 business days' notice when there is advance notice of product launch of a new generic when there are expected to be generics made by multiple manufacturers released immediately after loss of the branded drug's patent.
    c. Contractor will provide the State with ad hoc reports and suggestions to aid the State in managing the cost of the pharmacy program.
    d. Contractor will provide the State or assist the State in the preparation of quarterly or annual analyses such as, but not limited to:
        i. Utilization of trends of costly generic formulations.
        ii. Medications accounting for the largest cost per claim or largest volume.

VII. Preferred Drug List and Supplemental Drug Rebates

1. Contractor will negotiate with drug manufacturers for supplemental rebates as part of a multi-state pool and will administer the supplemental rebate program.
    a. Contractor will assist the State as necessary to secure and maintain approval from the Centers for Medicare and Medicaid Services (CMS) for the multi-state rebate process, including any necessary State Plan submissions.
    b. Contractor will seek supplemental rebates through a competitive market-driven process.

c. Contractor will solicit supplemental rebate bids from pharmaceutical manufacturers on a Guaranteed Net Unit Price (GNUP) or per unit rebate basis.
d. Contractor must ensure that rebate bids remain fixed for a period of at least two (2) years with an opportunity for bid enhancement annually, or more frequently if market conditions warrant.
e. Contractor will provide pharmaceutical manufacturers the opportunity to submit competitive pricing for multiple levels including exclusive placement, position placement, access or other defined competitive categories that maximize cost savings and enhance choices for State.
f. Contractor will communicate manufacturer bids to State for consideration. State will have an opportunity to accept or reject any supplemental rebate bid.
g. Contractor will ensure the manufacturer rebate bids are valid for both FFS and MCO utilization.
h. Contractor will accept prescription drug utilization data from the State for use in developing and administering the Supplemental Drug Rebate Program.
i. Contractor will not use the prescription drug utilization data provided by the State for any revenue-generating or commercial purposes without the express written consent of State.
j. Contractor will invoice manufacturers quarterly, based on actual FFS and MCO utilization, for negotiated supplemental drug rebates.
k. Contractor will accept check register and supporting detail from State after the State receives the supplemental drug rebate funds from the manufacturer.
l. Contractor will use an electronic software application to reconcile each invoice and prior quarter adjustment statement at the National Drug Code (NDC) / Year / Quarter level upon receipt, review any discrepancies between invoiced amounts and payments received, and track any manufacturer disputes through resolution.
m. Contractor will maintain accurate accounting records of all rebates invoiced and collected.
~~n. Contractor will provide annual detailed documentation of rebate collection in excess of 95% of invoiced rebate amounts via a Rebate Collections report in a format mutually agreed to by Contractor and State.~~
o. Contractor will provide State with access to web-based financial reports which display the current accounts receivable status of the supplemental rebate program.

p. Contractor will meet or exceed State's audit requirements each year for the Supplemental Drug Rebate Program.
q. Contractor will enable Supplemental Drug Rebate Program accounts receivable continuity at the end of the contract period.
~~r.~~ Subject to State's obligations of confidentiality pursuant to supplemental rebate agreements with manufacturers, if requested by State at the time of contract termination, Contractor will send State all current information necessary, and for the limited and strict purpose, to resolve disputes, collect unpaid rebates and reconcile manufacturers Unit Rebate Amount restatements. ~~For each NDC Supplemental Rebate billing done on behalf of State, Contractor will send an electronic file to include:~~

~~i. NDC billed~~
~~ii. Claim Quarter~~
~~iii. Invoice date.~~
~~iv. Number of units billed~~
~~v. Current number of units~~
~~vi. Current supplemental unit rebate amount~~
~~vii. Current units paid~~
~~viii. Current units disputed~~
~~ix. Current amount paid~~
~~x. Interest amount owed~~
~~xi. Interest amount paid.~~

2. Contractor will negotiate with diabetic supply manufacturers for supplemental rebates as part of a multi-state diabetic supply pool and will administer a diabetic supply rebate program to be administered under the pharmacy benefit.
    a. Assist State as needed with any updates needed to obtain CMS approval for the multi-state diabetic supply process, including any necessary State Plan submissions.
    b. Contractor will seek supplemental rebates through a competitive market-driven process.
    c. Solicit supplemental rebate bids from diabetic supply manufacturers on a Guaranteed Net Unit Price (GNUP) or per unit rebate basis.
    d. Contractor must ensure that rebate bids remain fixed for a period of at least two (2) years with an opportunity for annual bid enhancement.
    e. Contractor will communicate manufacturer bids to State for consideration. State will have an opportunity to accept or reject any supplemental rebate bid.

f. Contractor will invoice manufacturers quarterly, based on actual FFS and MCO utilization, for negotiated supplemental drug rebates.
g. Contractor will accept diabetic supply utilization data in a mutually agreed format which provides at least the minimum information necessary to provide the services described and meet regulatory requirements.
h. Contractor will not use the diabetic supply utilization data provided by State for any revenue-generating or commercial purposes without the express written consent of State.
i. Contractor will invoice diabetic supply manufacturers quarterly, based on actual MHCP utilization, for negotiated supplemental rebates.
j. Contractor will accept check register and supporting detail from State after State receives the diabetic supply supplemental rebate funds from the manufacturer.
k. Contractor will use an electronic software application to reconcile each invoice and prior quarter adjustment statement at the National Drug Code (NDC) / Year / Quarter level upon receipt, review any discrepancies between invoiced amounts and payments received, and track any manufacturer disputes through resolution.
l. Contractor will maintain accurate accounting records of all rebates invoiced and collected.
~~m. Contractor will provide annual detailed documentation of rebate collection in excess of 95% of invoiced rebate amounts via a Rebate Collections report in a format mutually agreed to by Contractor and State.~~
n. Contractor will provide State with access to web-based financial reports which display the current accounts receivable status of the supplemental rebate program.
~~o.~~ Subject to State's obligations of confidentiality pursuant to supplemental rebate agreements with manufacturers, if requested by State at the time of contract termination, Contractor will send State all current information necessary, and for the limited and strict purpose, to resolve disputes, collect unpaid rebates and reconcile manufacturers Unit Rebate Amount restatements. ~~For each NDC Diabetic Supply Rebate billing done on behalf of State, Contractor will send an electronic file to include:~~
   ~~i. NDC billed~~
   ~~ii. Claim Quarter~~
   ~~iii. Invoice date~~
   ~~iv. Number of units billed~~
   ~~v. Current number of units~~

vi. ~~Current supplemental unit rebate amount~~
vii. ~~Current units paid~~
viii. ~~Current units disputed~~
ix. ~~Current amount paid~~
x. ~~Interest amount owed~~
xi. ~~Interest amount paid~~

3. Manage and maintain the Preferred Drug List in consultation with State pharmacy staff.
    a. Contractor will provide clinical and financial review and recommendation for State action on new brand and generic drugs, new indications (both on-label and off-label) for existing drugs, and new product forms and strengths.
    b. Contractor will provide State with an initial recommendation for preferred or non-preferred status for each new drug.
    c. Contractor will provide State with recommended clinical prior authorization criteria and quantity limits for preferred and non-preferred drugs at the request of State.
    d. At least quarterly, Contractor will identify the top therapeutic classes of drugs, by MHCP spending and by volume, within the pharmacy claims data based on actual utilization.
    e. At least annually, Contractor will provide State a financial evaluation of every PDL therapeutic class, including those multi-state pool classes not adopted by the State. Contractor will provide State with recommendations for preferred drug(s) within each reviewed class.
    f. At least annually, Contractor will provide State with a report in a format mutually agreed upon, showing projected cost savings and cost avoidance for each class based on preferred placement. Estimates will be based on Minnesota utilization data and will consider current market share, federal and Supplemental Rebates, and the federal rebate offset. At the request of State, Contractor will provide pharmacy Point of Sale (POS) utilization for select drugs or drug classes.
    g. On request and within a mutually agreed upon timeframe, Contractor will provide State with the detailed methodology used to calculate cost savings and cost avoidance for a particular drug class.
    h. Contractor will provide detailed modeling scenarios to State to assist State with making PDL placement decisions using predictive cost analysis. Scenarios will include, at a minimum:

i. Current costs and market share within drug classes, based on Minnesota utilization data.
ii. Optimal cost savings which could be achieved by using recommended preferred drugs, taking into account the net cost for all brand and generic products.
iii. Cost savings scenarios based on changes suggested or required by the State, including potential "grandfathering" scenarios for non-preferred products.

i. Contractor will provide the State with suggestions for maximizing cost avoidance or cost savings potential, taking into account generic product availability.
j. Contractor will advise State on opportunities for preferring brand name products over generic products when the net cost of the brand name product is lower than generic products.
k. Contractor will advise State on the optimal time to begin preferring a generic product. Contractor will endeavor to provide advice to State within one week of any market shift leading to preferred net cost of the generic product.
l. Contractor will maintain and update the Preferred Drug List (PDL) in a format mutually agreed upon by the Contractor and the State.
m. Upon final approval by State staff, Contractor will post a publicly available PDL drug lookup website containing, at a minimum:
    i. NDC and drug name search features
    ii. Search by NDC
    iii. Search by Brand Name, including partial (wildcard) search
    iv. Search by generic name, including partial (wildcard) search
    v. Search by MHCP Major Program
    vi. Search by Therapeutic Class
    vii. Search by Date of Service
n. For each product returned from the PDL drug lookup search results, the website must provide at least the following:
    i. Covered drug status
    ii. Brand and generic name
    iii. Drug strength
    iv. Dose form
    v. Unit form
    vi. NDC
    vii. PDL status (preferred, non-preferred, not applicable)
    viii. Clinical prior authorization requirements

ix. Coverage for dually eligible (Medicare / Medical Assistance) (yes/no)
x. Over-the-counter (OTC) or legend drug status
xi. Quantity limits
xii. Therapeutic class
xiii. Brand indicator

4. Contractor will provide State with consultative advice and recommendations for controlling drug costs in the specialty pharmacy category. Specialty pharmacy definitions will be proposed by Contractor and approved by State.
    a. Contractor will recommend Point of Sale (POS) quantity limitations for new specialty drugs as they are released and for existing specialty drugs at least every six months.
    b. At least quarterly, Contractor will provide the State with a report of specialty spending which includes claims from the pharmacy POS claims system. The report will be in a format mutually agreed upon and will include the number of claims and payment amount by brand name.
    c. At least quarterly, Contractor will provide the State with a specialty per-member-per-month amount based on pharmacy POS utilization.
    d. Contractor will provide the State consultation and insight on new specialty oncology drugs.
        i. Contractor will provide ad hoc access to an oncology management expert.
        ii. Contractor will assist the State with interpretation and implementation of the National Comprehensive Cancer Network guidelines for new oncology specialty drugs.
    e. Contractor will provide a Healthcare Common Procedure Coding System (HCPCS) to NDC crosswalk and J-Code to NDC unit conversion factor each quarter.
    f. Contractor will assist the State in planning and implementing a strategy for biosimilar products.
    g. At least quarterly, Contractor will provide an update highlighting any upcoming biosimilar specialty drug introductions or changes to the regulatory landscape.
    h. Contractor will provide State and the State's Drug Formulary Committee with cost effectiveness analyses on new specialty drugs.
    i. On an ongoing basis, Contractor will negotiate supplemental rebates or other cost saving opportunities such as value based purchasing agreements for

specialty drugs, including drugs administered in clinic or outpatient hospital settings.

5. Contractor will provide clinical pharmacy support services.
    a. Contractor will provide a drug class review for each drug reviewed by the Drug Formulary Committee (DFC). Reports sent by Contractor are subject to the following DFC standards and procedures:
        i. The DFC meets between 2 and 8 times per year.
        ii. Reviews will be evidence-based and focused on clinical efficacy and safety data.
        iii. Reviews will only contain data that is determined to be free of manufacturer bias or will have minimal bias that would not have significant impact on study results.
        iv. Reviews will consider, to the extent reasonably available and relevant, data from Food and Drug Administration (FDA) approval information, peer-reviewed literature, and evidence-based clinical practice guidelines.
        v. Class reviews will not lag available data by more than six months.
        vi. Class reviews will identify, within the report, a summary of the data and the source of the data used in compilation of the report.
        vii. Class reviews will meet the following standards:
            1. All available drugs in the Contractor-defined class are reviewed.
            2. The pharmaceutical manufacturer or each branded medication is listed.
            3. Medications that are available as generics are identified.
            4. Dosing tables that compare dosage schedules for the drugs in the therapeutic class are included.
            5. Relevant pharmacokinetic differences among the agents within the class are identified.
            6. Summaries of clinical trial data, particularly comparative clinical trials that compare drugs within a class are identified.
            7. A description of drug class place in therapy is included which also includes summaries of national guidelines pertaining to the therapeutic class.
            8. A final summary paragraph or section of therapeutic class review is included and will contain the highlights of the review.

b. Contractor will provide a new drug review for each new product regardless of place of care (i.e. drugs administered through the pharmacy benefit vs. drugs administered through the medical benefit), including specialty products, approved by the FDA and reviewed by the State's DFC. New drug updates will be provided to State staff at least 4 weeks before the scheduled DFC meeting.
c. Contractor will provide the State with telephone access to Contractor's clinical subject matter experts for new drugs and new drug classes within one week of the State's written request for a consultation.
d. Contractor will provide a clinical pharmacist to serve as account manager for the State.
    i. The account manager will attend each DFC Committee meeting up to 4 times per year in person and up to 6 times per year virtually.
    ii. The account manager will present drug class reviews and individual new drug reviews to the DFC as requested by State staff.
    iii. The account manager will participate in weekly telephone meetings with State's clinical pharmacist and/or the State's Pharmacy Program Manager.
    iv. The account manager will propose agenda items for DFC meetings based on FDA and marketplace activity.
    v. The account manager or a designee in his/her absence will be available on a daily basis to answer email or telephone inquiries from State related to pharmaceutical marketplace changes or clinical data.
e. Contractor will continuously monitor the marketplace and provide actionable business intelligence to the State, particularly as new drugs become available or market disruptions occur.
f. Contractor will provide the State at least 30 days' notice whenever there is advanced notice of product launch of a new chemical entity.
g. Contractor will provide the State, at least weekly, with a clinical update report including, at a minimum, the following information:
    i. New products available on the market
    ii. New FDA approved indications for existing products
    iii. New generic drug introductions
h. Upon request with sufficient prior notice by State, Contractor will make a representative available to provide expert testimony to the Minnesota Legislature on matters pertaining to the supplemental rebate program or the preferred drug list.

i. Contractor will provide ongoing advice and recommendations to control costs in high-cost therapeutic areas which are outside of the Preferred Drug List classes.
j. Contractor will provide consultation to the State regarding the financial implications of CMS regulatory changes impacting the State's Medicaid pharmacy program.

6. Provide the State with regular timely and actionable reports to assist in management of the drug benefit.
    a. At least quarterly, Contractor will provide and present to State pharmacy staff, in person or via teleconference, written reports and written summaries showing trends including:
        i. Per member per month (PMPM) pharmacy spend from the pharmacy point of sale system.
        ii. Net-net per prescription for drugs on the preferred drug list.
        iii. Overall growth of spend, and growth of spend by therapeutic area.
        iv. Brand vs generic utilization and spend.
        v. Total rebates collected
        vi. Number of multi-state pool PDL drug classes
        vii. Comparison to other states in the multi-state pool
    b. At least quarterly, Contractor will provide the State with a written Preferred Drug List compliance report.
    c. At least semi-annually, Contractor will provide the State with a written retrospective review of preferred drugs with the associated supplemental rebate amount or estimated cost savings due to market shift.
    d. Unless otherwise noted or agreed to by the State, written reports must be available in electronic Microsoft Word and/or Excel format.

VIII. 340B Ceiling Price File

1. Contractor will assist the State with compliance with the federal requirement to reimburse 340B covered entities no more than their actual acquisition cost plus a professional dispensing fee.
    a. Contractor will create a monthly 340B ceiling price file using the most current monthly Average Manufacturer Price (AMP) file and quarterly unit rebate amount (URA) file from CMS.
    b. Perform any and all calculations necessary to ensure the 340B ceiling prices are converted to NCPDP billing units.

c. Utilize the 340B ceiling prices in a “lesser of” logic to ensure 340B claims from 340B covered entities do not reimburse more than the 340B ceiling price amount for the ingredient cost.
d. The 340B ceiling prices will be applied alongside the SMAC prices and do not replace using the SMAC prices in the “lesser of” claims adjudication logic.

IX. Prior Authorization Request Adjudication

The goal of the pharmacy prior authorization program is to promote the appropriate and cost-effective utilization of select prescription drugs. The Department, in consultation with the Drug Formulary Committee, will establish prior authorization requirements for a selected drug or group of drugs.

1. Contractor will identify an Account Manager to be the contact person with the State for Prior Authorization functions.
2. Contractor will review prior authorization requests for specified prescription drugs from prescribers, dispensers (pharmacies), clinics, or outpatient hospitals. Prior authorization requests include, but are not limited to, the following or combinations of the following:
    a. Requests for non-preferred drugs on the State’s Preferred Drug List
    b. Requests for a drug on the department’s list of drugs requiring a Clinical Prior Authorization
    c. Requests to exceed the Department’s quantity or dose per day limit for prescription drugs
    d. Requests for the brand name formulation of a multisource drug (Dispense-As-Written)
    e. Requests to override a maximum or minimum age restriction
    f. Requests to provide an emergency 72-hour supply of a medication as required by 42 U.S.C. 1396r-8 (d)(5).
3. Contractor will provide qualified professionals to perform prior authorization determinations.
    a. Prior authorization approvals, administrative approvals and administrative denials may be issued by Certified Pharmacy Technicians, Licensed Practical Nurses, Registered Nurses, Medical Doctors, or Licensed Pharmacists. Additional healthcare professionals may be used with State approval.
    b. A clinical prior authorization denial may only be issued by a Registered Nurse, Medical Doctor, or Licensed Pharmacist. Additional healthcare professionals may be used with State approval.
4. Contractor will accept provider requests for prior authorization of prescription drugs and diabetic testing supplies.

a. Contractor will implement procedures to ensure that all necessary information is collected when authorizations are requested by telephone.
b. At a minimum, Contractor will accept faxed, mailed, or telephonic requests from either the prescriber or the dispensing pharmacist or an authorized representative.
c. Contractor will accept requests for prior authorization received via the National Council for Prescription Drug Programs electronic Prior Authorization (NCPDP ePA) standard either directly or via one or more ePA transmission vendors.
d. Contractor will accept provider requests for authorization every day, including weekends and holidays.
e. Contractor will provide toll-free phone lines 24 hours a day, 7 days a week with an automated voice message system to record calls. The phone line must be staffed 24 hours per day to address member and provider issues and inquiries.
f. Specialized personnel, such as licensed healthcare providers, must be available at least 14 hours of each day from 8:00 am to 10:00 pm Central Time.
    i. Specialized personnel may be available on-call outside of the mandatory staffing period.
    ii. Issues and inquiries that are received outside of the mandatory specialized personnel staffing period must be addressed within 24 hours.
g. Provide toll-free fax lines, and accept faxes, 24 hours a day, 7 days a week.
h. Electronically time-stamp and track all prior authorization requests, determinations, and provider communications, including response times, in a database for reporting purposes, regardless of submission method. The time-stamp must be viewable by users.

5. Contractor will perform an initial screen of all authorization requests received.
    a. Contractor will issue administrative denials for any of the following circumstances:
        i. Drug does not require Prior Authorization
        ii. Duplicate request
        iii. Recipient not eligible for a major program that includes fee-for-service drug benefits
        iv. Drug National Drug Code (NDC) is not included in recipient's formulary or is never covered
        v. Recipient is enrolled in Medicare Part D

b. Contractor will issue administrative approvals for any of the following circumstances:
    i. Bridge of service – Fee for Service to Managed Care eligibility and vice versa
    ii. Hospital Discharge
    iii. Nursing Home Transition Fill

6. Contractor will view the member's medication history for the purposes of responding to a prior authorization request or validating the information provided.
7. Collect any additional information needed for processing a prior authorization request, including making outbound calls to a pharmacy or prescriber if needed, and serving as the information coordinator between the prescriber and the pharmacy regarding the prior authorization decision.
8. Contractor will determine whether to approve or deny the requested authorization based on the prior authorization criteria established by the Department.
    a. Ensure that review criteria are applied in a uniform manner for all requests.
    b. Complete reviews via a State-approved decision-tree process which uses both pharmacy and medical claims history to the fullest extent allowable by the criteria for the individual drug or drug class.
    c. Refer authorization requests that involve special or unique facts to Contractor's Registered Nurses, Medical Doctors, or Licensed Pharmacists.
    d. In exceptional cases, consult with the State program staff for consideration.
9. Contractor will issue approvals, denials, no action, or requests for additional information for incomplete prior authorization based on the Department's criteria, Minnesota rules and statutes, and federal law.
    a. Contractor will provide a response (approval, denial, or request for additional information) to the requesting provider within 24 hours of receiving the prior authorization request.
    b. Communicate prior authorization determinations to requestors in a manner approved by the state.
    c. Communication prior authorization determinations, including appeal rights, to members in a written form approved by the State.
    d. Language used to communicate determinations will be developed by the Contractor and approved by the State.
10. Contractor will perform prior authorization functions and reviews for office-administered drugs billed through the medical program (e.g. HCPCS or CPT Codes on professional claims).
    a. The Contractor will require all employees and subcontractors working on this contract who have access to the State's MMIS to complete the State's online data privacy training prior to beginning work, and each December thereafter.

The training will include the "Handling MN Information Securely" modules or successor trainings provided by the State at no cost to the Contractor. Documentation of training completion will be provided to the State's representative for Contract Communications.

b. Contractor will input approved or denied requests for office-administered drugs processed on professional or institutional claims into the State's MMIS.
c. The Contractor may enter the prior authorization approvals or denials manually or may develop a user interface and a connection to the State's MMIS which must be approved by the State. If the Contractor chooses to develop an interface, the following will be required:
    i. Integrate the Contractor's prior authorization software system with the MMIS system via the State's web service or identified data interface.
    ii. Leverage industry standard data interface standards for pharmacy prior authorizations or use a format approved by the State to load data to the State's MMIS authorization subsystem.
    iii. Maintain all documentation pertaining to the data interface and the add/modify transaction specifications.
    iv. Ensure system stability for the transmission of data that meets the applicable Privacy and Security Standards of the Health Insurance Portability and Accountability Act (HIPAA).
    v. Supply all necessary and compatible hardware and software at the Contractor's site in order to permit connectivity and real-time communication with the MMIS.
    vi. Enter all required data elements into appropriate fields in the authorization subsystem in order to generate an authorization number.
d. Contractor will coordinate with the State's medical review agent when additional services are requested with office-administered drug request.

11. Provide Emergency Medical Assistance (major program "EH") pharmacy prior authorizations.
    a. Authorization requests will be submitted or sent to Contractor by the State's EH review agent.
    b. Contractor will verify that the recipient has an approved applicable Care Plan Certification for the requested dates of service.
    c. Contractor shall determine whether the requested prescription is for treatment of a diagnosis that has been approved for the recipient and is present on the EH Care Plan Certification.
    d. If the requested drug is covered by major program EH, does not require clinical review, and is being used for the treatment of a Care Plan Certified diagnosis, Contractor shall issue an administrative approval.
    e. If the requested drug requires clinical review, Contractor shall review against established criteria and issue an approval or denial.
    f. Contractor shall enter authorizations for office-administered drugs into MMIS and include the State-designated EH reason code.

g. Contractor shall notify the requesting provider and member of the prior authorization status in accordance with section IX.9 above.
h. Contractor shall complete adjudication of EH pharmacy prior authorization requests within 24 hours after receipt of all required information necessary to complete the request.

12. Contractor will administer a clinical reconsideration process which allows providers the opportunity to resubmit a prior authorization request for reconsideration.
    a. Upon receipt of a complete clinical reconsideration request, Contractor will review the documentation and render a decision based on the State's approved prior authorization criteria and / or justification of medical necessity within 24 hours.
    b. The clinical reconsideration must be reviewed by the Contractor's Medical Director or a clinical pharmacist as appropriate.
    c. Upon request, Contractor will provide the State with all reports and documentation related to any reconsideration and its reconsideration determination.
13. Contractor will establish and maintain a database of prior authorization requests. The database will be accessible and available to State staff via the Contractor's web-based prior authorization application or another mutually agreed upon method. Data shall include, but is not limited to:
    a. prior authorization number;
    b. date, time, and mode of receipt;
    c. recipient ID;
    d. pharmacy National Provider Identifier (NPI) number;
    e. time of approval or denial;
    f. drug name;
    g. NDC number or other drug identifier;
    h. prescriber NPI number;
    i. copies of all documentation received as part of the authorization request.
14. Contractor will establish and maintain a Quality Assurance Plan for ongoing evaluation of the Contractor's pharmacy prior authorization responsibilities. The plan must be submitted to the State for approval on an annual basis.
    a. The plan must, at a minimum, address the following:
        i. Training and competence of reviewers
        ii. Timeliness of response to authorization requests
        iii. Consistency of determination among individual reviewers
    b. The plan must incorporate audits of a minimum of 10% of total complete authorization requests each week for the first six months. Following the first six months, if the State and Contractor agree that the error rate has been below 5% for 8 consecutive weeks, the Contractor will audit 5% of total complete authorization requests each week thereafter.
    c. Audit results for each authorization request must be provided to the State, every two weeks. The report must include, but is not limited to:
        i. Prior authorization number,

ii. Reviewer identification,
iii. Drug name or NDC number,
iv. Request decision,
v. Error description if error is found,
vi. Error remedy and result.

d. Contractor will evaluate the error rate bi-monthly. If the error rate is 5% or greater, Contractor must provide a correction plan to return the error rate to below 5%.

15. Contractor will meet or exceed prior authorization and customer service performance standards.
    a. Complete 100% of prior authorization requests within twenty-four hours of receipt of all information required to make a coverage determination. Completion is defined as properly approving or denying the prior authorization request, entering the determination into the Contractor's database, and notifying the requesting provider of the prior authorization decision via telephone or fax, or by other means approved by the State, for all prior authorization requests.
    b. Respond to a minimum of 75% of prior authorization requests within eight (8) business hours of receipt.
    c. Ensure that the average call wait time is less than thirty (30) seconds.
    d. Ensure that 75% of calls received during typical business hours (Monday through Friday; 8:00am to 5:00pm Central Time) are answered within thirty (30) seconds.
    e. Ensure a call abandonment rate of less than 5%.
    f. Report customer service measures to the State on a monthly basis.
    g. Provide monthly and year-to date prior authorization performance reports by, at minimum, drug name, drug groupings (as determined by the State), criteria, HCPCS code, reason codes and source of PA transmission, monthly and in aggregate. Reports must be in a format designated by the State.
    h. Provide ad hoc prior authorization performance reports as requested by the State, or provide an ad hoc reporting system available to State users.
16. Contractor will establish and maintain ongoing two-way communication with the State during the term of the contract.
    a. At the request of the State, the Contractor's pharmacist will attend the State's Drug Formulary Committee (DFC) meetings, in person no more than four times annually and virtually no more than six times annually. If possible, the State will allow for virtual attendance if the option is offered to the DFC committee members.
    b. Contractor will coordinate training sessions for the purposes of training State staff on the prior authorization software and all other prior authorization program capabilities.
        i. Contractor will provide training for the State and all necessary parties on the operations of the prior authorization for up to 20 hours during the implementation period.

ii. Additional training may be provided upon mutual agreement between the Contractor and the State.
iii. Contractor will produce a user guide that provides State staff with step-by-step instructions on the prior authorization software.

Attachment B – Contractor's RFP Response

Attached and incorporated by reference.

Attachment C, Milestones and Payments

Implementation Milestones	Cost
Milestone 1: Design Milestone, includes creation, review and acceptance of the following:	
Design Activities, including (but not limited to) successful completion of the following Design Deliverables:	
1. Project Kickoff Meeting and Presentation	
2. Project Management Plan, to include but not limited to: Scope Management Plan Change Control Plan Cost Management Plan Staffing Plan Schedule Management Plan Quality Management Plan Risk Management Plan Issue Management Plan Communications Plan Project Schedule	
3. Risk Register	
4. Issue Log	
5. Change Control Log	
6. Organizational Change Management Plan	
7. Release Management Plan	
8. Other Design Milestone Activities	
Milestone 1 Payment (20% of Fixed Bid Implementation Fee)	**$556,734**
Milestone 2: Development Milestone, includes, but not limited to creation, review and acceptance of the following Development Activities:	
1. Delivery of Production-Ready System & Solution/Services	
2. Successful Completion of all System and UAT Testing	
3. Successful completion of User Training	
4. Successful completion and acceptance of Security Review	
5. Completion of all Required CMS Certification Artifacts	
6. Review and Acceptance of all agreed pre-production activities and artifacts required for 'Go Live' Approval	
7. Business Requirements	
8. Requirements Traceability Matrix (RTM)	
9. Warranty Plan	
10. Support and Maintenance Plan	
11. Release Acceptance	
12. Training Plan	
13. Training Materials	
14. Delivery Testing and Training Environment	
15. Implementation Instructions	

16. Solution Configuration	
17. Solution Configuration Documentation	
18. Test Plan	
19. Test Case	
20. Test Results	
21. Test / Defect Status Report	
22. Test Closure Report	
23. Accessibility Sign-off	
26. Deployment Schedule	
27. Deployment Checklist	
28. Back Out (Roll-back) Plan	
29. Deployment Critical Issue Escalation Plan	
30. Deployment Communications Plan	
31. Release Notes	
32. State of Minnesota Code Customization Request (if applicable)	
33. Other Development Milestone Activities	
Milestone 2 Payment (20% of Fixed Bid Implementation Fee)	**$556,734**
Milestone 3: Production Milestone, includes but not limited to the following Production Activities:	
1. Successful Completion of all 'Go-Live' Activities	
2. Fully operational production pharmacy solution providing all agreed-to functionality	
3. Fully functional Customer Support Services	
4. Transition to Account Management	
5. Other Production Activities	
Milestone 3 Payment (30% of Fixed Bid Implementation Fee)	**$835,101**
Milestone 4: Post-Production Milestone Completion, includes but not limited to the following Post-Production Activities:	
1. Completion of any agreed-to post-production functionality and activities	
2. Successful Completion and Acceptance/Approval from CMS of all required certification Artifacts	
3. Successful completion of the following Post-Production Deliverables:	
4. Project Close Report	
5. Other Post-Production Milestone Activities	
Milestone 4 Payment (30% of Fixed Bid Implementation Fee)	**$835,101**
Total, Milestone Costs (Sum of Milestone Payments Above)	**$2,783,670**

Operations & Maintenance (O&M) Costs • Ongoing operational costs will be paid on a monthly flat fee basis, beginning immediately following a successful "go-live", with each O&M Year including 12 consecutive months. Partial months will be prorated.

• Costs are a flat monthly rate for up to 375,000 monthly Fee-For-Service recipients and 275,000 FFS paid prescriptions, with an expectation that the enrollment and claim volume may increase by up to 5% each subsequent year.

	O&M Year 1	O&M Year 2	O&M Year 3	O&M Year 4
# of paid prescription claims per month included in the base monthly claims rate	275,000	288,750	303,187	318,346
# of Fee-For-Service (FFS) MHCP members included in the base monthly claims rate	375,000	393,750	413,437	434,109
Monthly flat rate for Point-of-Sale pharmacy system, drug rebate management system, and Member and Provider Service Call Centers ("base claims monthly rate")	$249,583	$257,071	$264,783	$272,726
Monthly flat rate for any month in which both the number of paid prescription claims and the number of FFS members exceed the numbers included in the base claims monthly rate ("excess claims monthly rate")	$22,728	$23,730	$24,789	$25,907
Monthly flat rate: Adjudicate and track prior authorization requests for outpatient and provider-administered drugs ("base PA monthly rate")	$77,917	$80,254	$82,662	$85,142
Monthly flat rate for prior authorization adjudications for any month in which the number of both the number of paid prescription claims and the number of FFS members exceed the numbers included in the base claims monthly rate ("excess claims monthly rate")	$31,167	$32,102	$33,065	$34,057
Monthly flat rate: Provide drug coding, pricing and editing files	$9,250	$9,528	$9,813	$10,108
Monthly flat rate: Determine Maximum Allowable Cost pricing	$12,167	$12,532	$12,908	$13,295
Monthly flat rate: Perform retrospective drug utilization review	$8,167	$8,412	$8,664	$8,924
Monthly flat rate: Establish and collect supplemental drug rebates	$34,083	$35,106	$36,159	$37,244
Monthly flat rate: Recommend a Preferred Drug List	$45,000	$46,350	$47,741	$49,173
Total O&M Cost per Year (without exceeding any monthly rate)	5,234,000	$5,391,020	$5,552,751	$5,719,333

Attachment D-1, Service Level Agreements

Service Level Agreement	Description	Reporting schedule
POS: Adjudication System Availability	99.5% availability per month of the point-of-sale adjudication system, excluding scheduled maintenance and when administrator does not have total control over the environment or communication links that impact the claims adjudication process due to third party involvement. The scheduled maintenance window begins at 11:00 pm on Saturday through 3:00 am Eastern Time on Sunday. Measurement is total available minutes less any unplanned downtime divided by total available minutes. Total available minutes is defined as total minutes for the month less downtime minutes used for scheduled maintenance during the scheduled maintenance window.	Monthly
POS: Claim System Response Time	The Contractor's POS response time must average five seconds or less on all transactions per month.	Monthly
POS: Data Interfaces	All accurate clean inbound files will be loaded, and all outbound files will be produced, according to the mutually agreed upon schedule established in writing.	Monthly
Call Center & PA Adjudication: Call Center Average Speed of Answer	60 seconds or less per month. Measurement is from time caller is placed in queue from initial IVR until call is answered by customer service representative	Monthly
Call Center & PA Adjudication: Call Center Abandonment Rate	5% or less per month	Monthly
PA Adjudication: Prior Authorization Response	Respond (approve, deny, change in therapy, or request additional information) to PA requests within twenty-four (24) hours following receipt Respond to a minimum of 75% of prior authorization requests within eight (8) business hours.	Monthly Monthly
Federal Rebates Supplemental and Diabetic Supplies Rebates: Reporting Timeliness- 64.9 R Report	Produce a CMS compliant CMS-64.9 R report within 15 days of the end of each quarter.	Quarterly
RDUR: Reporting Timeliness – Medicaid Drug Utilization Review Annual Report	Provide reports necessary to complete the Medicaid Drug Utilization Review Annual report not later than May 1st of each year or 30 days	Annually

	following the template being provided by CMS, whichever is later.	
Federal Rebates & Supplemental and Diabetic Supplies Rebates: Rebate Invoicing	Prepare and distribute Federal Rebate invoices quarterly, within 60 days of the end of the calendar quarter, and Supplemental and Diabetic Supplies Rebate invoices quarterly within 75 days of the end of the calendar.	Quarterly
Federal Rebates & Supplemental and Diabetic Supplies Rebates: Posting of drug rebate payments	Process payments within 5 business days from the date the check register and/or EFT detail are received from the State	Monthly
SMAC	**Vendor will provide the State a full MAC price list weekly or on the mutually agreed upon schedule established in writing.**	**Monthly**
SMAC	**Provide a monthly report indicating products subject to FUL pricing are reimbursed at or below the FUL in the aggregate.**	**Monthly**
RDUR	Send at least six (6) packet mailings per year to targeted providers.	Annually
340B Ceiling Price	Create a monthly 340B ceiling price file using the most current monthly Average Manufacturer Price (AMP) file and quarterly unit rebate amount (URA) file from CMS.	Monthly

Contractor - Resource Hourly Rates

	Phases	
Type of Resource	DDI and Certification	Operations
Project Manager	$ 164.00	$ 131.00
Contract Manager	$ 179.00	$ 143.00
Integration Lead	$ 134.00	$ 107.00
Security Lead	$ 155.00	$ 124.00
Security Analyst	$ 146.00	$ 117.00
Architecture Lead	$ 215.00	$ 172.00
System Architect	$ 172.00	$ 138.00
Sr. System Architect	$ 194.00	$ 155.00
Configuration Lead	$ 130.00	$ 104.00
Configuration Specialist	$ 94.00	$ 75.00
Sr. Configuration Specialist	$ 111.00	$ 88.00
Infrastructure Lead	$ 128.00	$ 102.00
Infrastructure Analyst	$ 102.00	$ 82.00
Developer	$ 143.00	$ 114.00
Sr. Developer	$ 164.00	$ 131.00

Database Lead	$ 169.00	$ 135.00
Database Administrator	$ 132.00	$ 106.00
Database Analyst	$ 119.00	$ 95.00
Sr. Database Administrator	$ 147.00	$ 118.00
Testing Lead	$ 141.00	$ 113.00
Tester	$ 123.00	$ 98.00
Technical Writer	$ 92.00	$ 74.00
Sr. Data Scientist	$ 150.00	$ 120.00
Data Scientist	$ 130.00	$ 104.00
System Analyst	$ 94.00	$ 75.00
Sr. System Analyst	$ 108.00	$ 86.00
Business Analyst	$ 100.00	$ 80.00
Sr. Business Analyst	$ 120.00	$ 96.00
Certification Lead	$ 127.00	$ 102.00
Training Lead	$ 101.00	$ 81.00
Trainer	$ 84.00	$ 67.00
Add others as needed		

ATTACHMENT E

DATA SHARING AND BUSINESS ASSOCIATE AGREEMENT

TERMS AND CONDITIONS

This Attachment sets forth the terms and conditions in which STATE will share data with and permit CONTRACTOR to Use or Disclose Protected Information that the parties are legally required to safeguard pursuant to the Minnesota Government Data Practices Act ("MGDPA") under Minnesota Statutes, chapter 13, the Health Insurance Portability and Accountability Act rules and regulations codified at 45 C.F.R. Parts 160, 162, and 164 ("HIPAA"), and other Applicable Safeguards.

The parties agree to comply with all applicable provisions of the MGDPA, HIPAA, and any other Applicable Safeguard that applies to the Protected Information.

General Description of Protected Information That Will Be Shared: Minnesota Health Care Programs member eligibility, claims, and diagnoses, and provider enrollment information

Purpose for Sharing Protected Information and Expected Outcomes: To permit accurate processing of authorizations and claims for prescription and provider administered drugs and diabetic testing supplies, to permit a robust federal and supplemental rebate program, to permit a retrospective drug utilization review program in compliance with state and federal requirements, and for completion of other duties in the attached contract.

STATE is permitted to share the Protected Information with CONTRACTOR pursuant to: Minnesota Statutes 256B.0625, subd. 13 and 45 C.F.R 164.506

It is expressly agreed that CONTRACTOR is a "business associate" of STATE, as defined by HIPAA under 45 C.F.R. § 160.103, "Definitions." The Disclosure of Protected Health Information to CONTRACTOR that is subject to the Health Insurance Portability Accountability Act (HIPAA) is permitted by 45 C.F.R. § 164.502(e)(1)(i), "Standard: Disclosures to Business Associates."

It is understood by CONTRACTOR that, as a business associate under HIPAA, CONTRACTOR is directly liable under the HIPAA Rules and subject to civil and, in some cases, criminal penalties for making Uses and Disclosures of Protected Health Information that are not authorized by contract or permitted by law. CONTRACTOR is also directly liable and subject to civil penalties for failing to safeguard electronic Protected Health Information in accordance with the HIPAA Security Rule, Subpart C of 45 C.F.R. Part 164, "Security and Privacy."

DEFINITIONS

A. "Agent" means CONTRACTOR'S employees, contractors, subcontractors, and other non-employees and representatives.

B. "Applicable Safeguards" means the state and federal safeguards listed in subsection 2.1.A of this Attachment.

C. "Breach" means the acquisition, access, Use, or Disclosure of unsecured Protected Health Information in a manner not permitted by HIPAA, which compromises the security or privacy of

Protected Health Information.

D. "Business Associate" shall generally have the same meaning as the term "business associate" found in 45 C.F.R. § 160.103, and in reference to the party in the Contract and this Attachment, shall mean CONTRACTOR.

E. "Contract" means the Professional/Technical Contract between STATE and CONTRACTOR to which this Attachment is attached.

F. "Disclose" or "Disclosure" means the release, transfer, provision of access to, or divulging in any manner of information by the entity in possession of the Protected Information.

G. "HIPAA" means the rules and regulations codified at 45 C.F.R. Parts 160, 162, and 164.

H. "Individual" means the person who is the subject of protected information.

I. "Privacy Incident" means a violation of an information privacy provision of any applicable state and federal law, statute, regulation, rule, or standard, including those listed in the Contract and this Attachment.

J. "Protected Information" means any information, regardless of form or format, which is or will be Used by STATE or CONTRACTOR under the Contract that is protected by federal or state privacy laws, statutes, regulations, policies, or standards, including those listed in this Attachment. This includes, but is not limited to, individually identifiable information about a State, county or tribal human services agency client or a client's family member. Protected Information also includes, but is not limited to, Protected Health Information, as defined below, and Protected Information maintained within or accessed via a State information management system, including a State "legacy system" and other State application.

K. "Protected Health Information" is a subset of Protected Information (defined above) and has the same meaning as the term "protected health information" found in 45 C.F.R. § 160.103. For the purposes of this Attachment, it refers only to that information that is received, created, maintained, or transmitted by CONTRACTOR as a Business Associate on behalf of STATE.

L. "Security Incident" means the attempted or successful unauthorized accessing, Use, or interference with system operations in an information management system or application. "Security Incident" does not include pings and other broadcast attacks on a system's firewall, port scans, unsuccessful log-on attempts, denials of service, and any combination of the above, provided that such activities do not result in the unauthorized exposure, viewing, obtaining, accessing, or Use of Protected Information.

M. "Use" or "Used" means any activity involving Protected Information including its creation, collection, access, acquisition, modification, employment, application, utilization, examination, analysis, manipulation, maintenance, dissemination, sharing, Disclosure, transmission, or destruction. "Use" includes any of these activities whether conducted manually or by electronic or computerized means.

1. INFORMATION EXCHANGED

1.1 This Attachment governs the data that will be exchanged pursuant to CONTRACTOR performing the services described in the Contract. The data exchanged under the Contract will include: Minnesota Health Care Programs eligibility and claims data, including but not limited to member names, dates of birth, identifiers, diagnoses, and prescribed drugs., and provider enrollment

data, including but not limited to provider names and locations.

1.2 The data exchanged under the Contract is provided to CONTRACTOR for CONTRACTOR to: To permit accurate processing of authorizations and claims for prescription and provider administered drugs and diabetic testing supplies, to permit a robust federal and supplemental rebate program, to permit a retrospective drug utilization review program in compliance with state and federal requirements, and for completion of other duties in the attached contract..

1.3 STATE is permitted to share the Protected Information with CONTRACTOR pursuant to: Minnesota Statutes § 256B.0625, subd. 13, which describes the pharmacy program under MHCP; and 45 C.F.R. 164.506 which permits STATE to disclose PHI for its health care operations.

2. INFORMATION PRIVACY AND SECURITY

CONTRACTOR and STATE must comply with the MGDPA, HIPAA, and all other Applicable Safeguards as they apply to all data provided by STATE under the Contract, and as they apply to all data created, collected, received, stored, Used, maintained, or disseminated by CONTRACTOR under the Contract. The civil remedies of Minn. Stat. § 13.08, "Civil Remedies," apply to CONTRACTOR and STATE. Additionally, the remedies of HIPAA apply to the release of data governed by HIPAA.

2.1 Compliance with Applicable Safeguards.

A. State and Federal Safeguards. The parties acknowledge that the Protected Information to be shared under the terms of the Contract may be subject to one or more of the laws, statutes, regulations, rules, policies, and standards, as applicable and as amended or revised ("Applicable Safeguards"), listed below, and agree to abide by the same.

1. Health Insurance Portability and Accountability Act rules and regulations codified at 45 C.F.R. Parts 160, 162, and 164 ("HIPAA");
2. Minnesota Government Data Practices Act (Minn. Stat. Chapter 13);
3. Minnesota Health Records Act (Minn. Stat. § 144.291–144.34);
4. Confidentiality of Alcohol and Drug Abuse Patient Records (42 U.S.C. § 290dd-2, "Confidentiality of Records," and 42 C.F.R. Part 2, "Confidentiality of Substance Use Disorder Patient Records");
5. Tax Information Security Guidelines for Federal, State and Local Agencies (26 U.S.C. § 6103, "Confidentiality and Disclosure of Returns and Return Information," and Internal Revenue Service Publication 1075;
6. U.S. Privacy Act of 1974;
7. Computer Matching Requirements (5 U.S.C. § 552a, "Records Maintained on Individuals");
8. Social Security Data Disclosure (section 1106 of the Social Security Act: 42 USC § 1306, "Disclosure of information in Possession of Social Security Administration or Department of Health and Human Services");
9. Disclosure of Information to Federal, State and Local Agencies (DIFSLA Handbook, Internal Revenue Service Publication 3373);
10. Final Exchange Privacy Rule of the Affordable Care Act (45 C.F.R. § 155.260, "Privacy and Security of Personally Identifiable Information,");

11. NIST Special Publication 800-53, "Security and Privacy Controls for Federal Information Systems and Organizations," Revision 4 (NIST.SP.800-53r4), and;
12. All state of Minnesota "Enterprise Information Security Policies and Standards."[3]

The parties further agree to comply with all other laws, statutes, regulations, rules, and standards, as amended or revised, applicable to the exchange, Use and Disclosure of data under the Contract.

B. Statutory Amendments and Other Changes to Applicable Safeguards. The Parties agree to take such action as is necessary to amend the Contract and this Attachment from time to time as is necessary to ensure, current, ongoing compliance with the requirements of the laws listed in this Section or in any other applicable law.

2.2 CONTRACTOR Data Responsibilities

A. Use Limitation.

1. *Restrictions on Use and Disclosure of Protected Information.* Except as otherwise authorized in the Contract or this Attachment, CONTRACTOR may only Use or Disclose Protected Information as minimally necessary to provide the services to STATE as described in the Contract and this Attachment, or as otherwise required by law, provided that such Use or Disclosure of Protected Information, if performed by STATE, would not violate the Contract, this Attachment, HIPAA, or state and federal statutes or regulations that apply to the Protected Information.

B. Individual Privacy Rights. CONTRACTOR shall ensure Individuals are able to exercise their privacy rights regarding Protected Information, including but not limited to the following:

1. *Complaints.* CONTRACTOR shall work cooperatively and proactively with STATE to resolve complaints received from an Individual; from an authorized representative; or from a state, federal, or other health oversight agency.

2. *Amendments to Protected Information Requested by Data Subject Generally.* Within three (3) business days, CONTRACTOR must forward to STATE any request to make any amendment(s) to Protected Information in order for STATE to satisfy its obligations under Minn. Stat. § 13.04, "Rights of Subjects of Data," subd. 4. If the request to amend Protected Information pertains to Protected Health Information, then CONTRACTOR must also make any amendment(s) to Protected Health Information as directed or agreed to by STATE pursuant to 45 C.F.R. § 164.526, "Amendment of Protected Health Information," or otherwise act as necessary to satisfy STATE or CONTRACTOR's obligations under 45 CF.R. § 164.526 (including, as applicable, Protected Health Information in a designated record set).

[3] *See* https://mn.gov/mnit/government/policies/security/

C. Background Review and Reasonable Assurances of Agents.

1. *Criminal Background Check Required.* CONTRACTOR shall require CONTRACTOR's employees, agents, independent contractors, or subcontractors performing services under this Contract to cooperate with a criminal background check conducted by CONTRACTOR or a third party agent of CONTRACTOR. Results of criminal background checks shall be provided to the STATE upon request.

2. *Reasonable Assurances.* CONTRACTOR represents that, before any Agent is allowed to Use or Disclose Protected Information, CONTRACTOR has conducted and documented a background review of the Agent sufficient to provide CONTRACTOR with reasonable assurances that the Agent will fully comply with the terms of the Contract, this Attachment and Applicable Safeguards.

3. *Documentation.* CONTRACTOR shall make available documentation required by this Section upon request by STATE.

D. Ongoing Responsibilities to Safeguard Protected Information.

1. *Privacy and Security Safeguards.* CONTRACTOR shall develop, maintain, and enforce policies, procedures, and administrative, technical, and physical safeguards that comply with the Applicable Safeguards to ensure the privacy and security of the Protected Information, and to prevent the Use or Disclosure of Protected Information, except as expressly permitted by the Contract and this Attachment.

2 Electronic Protected Information. CONTRACTOR shall implement and maintain appropriate safeguards with respect to electronic Protected Information, and comply with Subpart C of 45 C.F.R. Part 164 (HIPAA Security Rule) with respect to prevent the Use or Disclosure other than as provided for by the Contract or this Attachment.

3. *Monitoring Agents.* CONTRACTOR shall ensure that any Agent to whom CONTRACTOR Discloses Protected Information on behalf of STATE, or whom CONTRACTOR employs or retains to create, receive, Use, store, Disclose, or transmit Protected Information on behalf of STATE, agrees in writing to the same restrictions and conditions that apply to CONTRACTOR under the Contract and this Attachment with respect to such Protected Information, and in accordance with 45 C.F.R. §§ 164.502, "Use and Disclosure of Protected Health Information: General Rules," subpart (e)1)(ii) and 164.308, "Administrative Safeguards," subpart (b)(2).

4. Encryption. According to the state of Minnesota's "Enterprise Information Security Policies and Standards,"[4] CONTRACTOR must use encryption to store, transport, or transmit Protected Information and must not use unencrypted email

[4] https://mn.gov/mnit/government/policies/security/

to transmit Protected Information.

5. *Minimum Necessary Access to Protected Information.* CONTRACTOR shall ensure that its Agents acquire, access, Use, and Disclose only the minimum necessary Protected Information needed to complete an authorized and legally permitted activity.

6. *Training and Oversight.* CONTRACTOR shall ensure that Agents are properly trained and comply with all Applicable Safeguards and the terms of the Contract and this Attachment.

E. Responding to Privacy Incidents, Security Incidents, and Breaches. CONTRACTOR will comply with this Section for all Protected Information shared under the Contract. Additional obligations for specific kinds of Protected Information shared under the Contract are addressed in subsection 2.2(F), "Reporting Privacy Incidents, Security Incidents, and Breaches."

1. *Mitigation of harmful effects.* Upon discovery of any actual or suspected Privacy Incident, Security Incident, and/or Breach, CONTRACTOR will mitigate, to the extent practicable, any harmful effect of the Privacy Incident, Security Incident, and/or Breach. Mitigation may include, but is not limited to, notifying and providing credit monitoring to affected Individuals.

2. *Investigation.* Upon discovery of any actual or suspected Privacy Incident, Security Incident, and/or Breach, CONTRACTOR will investigate to (1) determine the root cause of the incident, (2) identify Individuals affected, (3) determine the specific Protected Information impacted, and (4) comply with notification and reporting provisions of the Contract, this Attachment, and applicable law.

3. *Corrective action.* Upon identifying the root cause of any Privacy Incident, Security Incident, and/or Breach, CONTRACTOR will take corrective action to prevent, or reduce to the extent practicable, any possibility of recurrence. Corrective action may include, but is not limited to, patching information system security vulnerabilities, sanctioning Agents, and/or revising policies and procedures.

4. *Notification to Individuals and others; costs incurred.*

   a. **Protected Information.** CONTRACTOR will determine whether notice to data subjects and/or any other external parties regarding any Privacy Incident or Security Incident is required by law. If such notice is required, CONTRACTOR will fulfill the STATE's and CONTRACTOR's obligations under any applicable law requiring notification, including, but not limited to, Minn. Stat. §§ 13.05, "Duties of Responsible Authority," and 13.055, "Disclosure of Breach in Security."
   b. **Protected Health Information.** If a Privacy Incident or Security Incident results in a Breach of Protected Health Information, as these terms are

defined in this Attachment and under HIPAA, then CONTRACTOR will provide notice to Individual data subjects under any applicable law requiring notification, including but not limited to providing notice as outlined in 45 C.F.R. § 164.404, "Notification to Individuals."

c. Failure to notify. If CONTRACTOR fails to timely and appropriately notify Individual data subjects or other external parties under subparagraph (a), then CONTRACTOR will reimburse STATE for any costs, fines, or penalties incurred as a result of CONTRACTOR's failure to timely provide appropriate notification.

5. Obligation to report to STATE. Upon discovery of a Privacy Incident, Security Incident, and/or Breach, CONTRACTOR will report to STATE in writing as further specified in subsection 2.2(F).

a. Communication with authorized representative. CONTRACTOR will send any written reports to, and communicate and coordinate as necessary with, STATE's authorized representative or designee.

b. Cooperation of response. CONTRACTOR will cooperate with requests and instructions received from STATE regarding activities related to investigation, containment, mitigation, and eradication of conditions that led to, or resulted from, the Security Incident, Privacy Incident, and/or Breach, and all matters pertaining to reporting and notification of a Security Incident, Privacy Incident, and/or Breach.

c. Information to respond to inquiries about an investigation. CONTRACTOR will, as soon as possible, but not later than forty-eight (48) hours after a request from STATE, provide STATE with any reports or information requested by STATE related to an investigation of a Security Incident, Privacy Incident, and/or Breach.

6. Documentation. CONTRACTOR will document actions taken under paragraphs 1 through 5 of this Section, and retain this documentation for a minimum of six (6) years from the date it discovered the Privacy Incident, Security Incident, and/or Breach or the time period required by Section H, whichever is longer. CONTRACTOR shall provide such documentation to STATE upon request.

F. Reporting Privacy Incident, Security Incidents, and Breaches. CONTRACTOR will comply with the reporting obligations of this Section as they apply to the kind of Protected Information involved. CONTRACTOR will also comply with Subsection 2.2(E), "Responding to Privacy Incidents, Security Incidents, and Breaches," above in responding to any Privacy Incident, Security Incident, and/or Breach.

1.. Protected Health Information. CONTRACTOR will report Privacy Incidents, Security Incidents, and/or Breaches involving Protected Health Information as follows:

a. Reporting Breaches to STATE. CONTRACTOR will communicate to DHS assigned representative within 24 hours of any breach discovered by a

business associate as of the first day on which such breach is known to the CONTRACTOR. CONTRACTOR will follow-up with a report, in writing, any Breach involving Protected Health Information to STATE within five (5) calendar days of discovery, as defined in 45 C.F.R. § 164.410, "Notification by a Business Associate," subpart (a)(2). These reports shall include, at a minimum, the following information: …

1. Identity of each Individual whose unsecured Protected Health Information has been, or is reasonably believed by CONTRACTOR, to have been accessed, acquired, Used, or Disclosed during the incident or Breach.
2. Description of the compromised Protected Health Information.
3. Date of the Breach.
4. Date of the Breach's discovery.
5. Description of the steps taken to investigate the Breach, mitigate its impact, and prevent future Breaches.
6. Sanctions imposed on CONTRACTOR's Agents involved in the Breach.
7. All other information that must be included in notification to the Individual under 45 C.F.R. § 164.404(c).
8. Statement that CONTRACTOR has notified, or will notify, impacted Individuals in accordance with 45 C.F.R. § 164.404 and, upon the completion of said notifications, provide through documentation of the recipients, date, content, and manner of the notifications.

b. **Reporting Breaches to external parties.** CONTRACTOR shall timely report all Breaches involving Protected Health Information to the impacted Individuals (as specified in 45 C.F.R. § 164.404), the U.S. Department of Health and Human Services (as specified in 45 C.F.R § 164.408, "Notification to the Secretary"), and, for Breaches involving 501 or more Individuals, to the media (as specified in 45 C.F.R. § 164.406, "Notification to the Media"). As soon as possible and no later than 10 (ten) business days prior to any report to the media required by 45 C.F.R. § 164.406, CONTRACTOR shall draft and provide to STATE for its review and approval all Breach-related reports or statements intended for the media.

c. **Reporting Security Incidents that do not result in a Breach to STATE.** CONTRACTOR will report, in writing, all Security Incidents that do not result in a Breach, but involve systems maintaining Protected Health Information created, received, maintained, or transmitted by CONTRACTOR or its Agents on behalf of STATE, to STATE on a monthly basis, in accordance with 45 C.F.R § 164.314, "Organizational Requirements."

d. **Reporting other violations to STATE.** CONTRACTOR will report, in writing, any other Privacy Incident and/or violation of an Individual's privacy rights as it pertains to Protected Health Information to STATE within five (5) calendar days of discovery as defined in 45 C.F.R. § 164.410(a)(2). This includes, but is not limited to, any violation of Subpart E of 45 C.F.R. Part 164.

4. *Other Protected Information.* CONTRACTOR will report all other Privacy Incidents, Security Incidents, and/or Breaches to STATE.

a. **Initial report.** CONTRACTOR will report all other Privacy Incidents, Security Incidents, and/or Breaches to STATE, in writing, within five (5) calendar days of discovery. If CONTRACTOR is unable to complete its investigation of, and response to, a Privacy Incident, Security Incident, and/or Breach within five (5) calendar days of discovery, then CONTRACTOR will provide STATE with all information under subsections 2.2(E)(1)–(4), of this Attachment that are available to CONTRACTOR at the time of the initial report, and provide updated reports as additional information becomes available.

b. **Final report.** CONTRACTOR will, upon completion of its investigation of and response to a Privacy Incident, Security Incident, and/or Breach, or upon STATE's request in accordance with subsection 2.2(E)(5) submit in writing a report to STATE documenting all actions taken under subsections 2.2(E)(1)–(4), of this Attachment.

G. Designated Record Set—Protected Health Information. If, on behalf of STATE, CONTRACTOR maintains a complete or partial designated record set, as defined in 45 C.F.R. § 164.501, "Definitions," upon request by STATE, CONTRACTOR shall, in a time and manner that complies with HIPAA or as otherwise directed by STATE:

1. Provide the means for an Individual to access, inspect, or receive copies of the Individual's Protected Health Information.
2. Provide the means for an Individual to make an amendment to the Individual's Protected Health Information.

H. Access to Books and Records, Security Audits, and Remediation. CONTRACTOR shall conduct and submit to audits and necessary remediation as required by this Section to ensure compliance with all Applicable Safeguards and the terms of the Contract and this Attachment.

1. CONTRACTOR represents that it has audited and will continue to regularly audit the security of the systems and processes used to provide services under the Contract and this Attachment, including, as applicable, all data centers and cloud computing or hosting services under contract with CONTRACTOR. CONTRACTOR will conduct such audits in a manner sufficient to ensure compliance with the security standards referenced in this Attachment.
2. This security audit required above will be documented in a written audit report which will, to the extent permitted by applicable law, be deemed confidential security information and not public data under the Minnesota Government Data Practices Act, Minn. Stat. § 13.37, "General Nonpublic Data," subd. 1(a) and 2(a).

3. CONTRACTOR agrees to make its internal practices, books, audits, and records related to its obligations under the Contract and this Attachment available to STATE or a STATE designee upon STATE's request for purposes of conducting a financial or security audit, investigation, or assessment, or to determine CONTRACTOR's or STATE's compliance with Applicable Safeguards, the terms of this Attachment and accounting standards. For purposes of this provision, other authorized government officials includes, but is not limited to, the Secretary of the

United States Department of Health and Human Services.

4. CONTRACTOR will make and document best efforts to remediate any control deficiencies identified during the course of its own audit(s), or upon request by STATE or other authorized government official(s), in a commercially reasonable timeframe.

I. Documentation Required. Any documentation required by this Attachment, or by applicable laws, standards, or policies, of activities including the fulfillment of requirements by CONTRACTOR, or of other matters pertinent to the execution of the Contract, must be securely maintained and retained by CONTRACTOR for a period of six years from the date of expiration or termination of the Contract, or longer if required by applicable law, after which the documentation must be disposed of consistent with subsection 2.6 of this Attachment.

CONTRACTOR shall document Disclosures of Protected Health Information made by CONTRACTOR that are subject to the accounting of disclosure requirement described in 45 C.R.F. 164.528, "Accounting of Disclosures of Protected Health Information," and shall provide to STATE such documentation in a time and manner designated by STATE at the time of the request.

J. Requests for Disclosure of Protected Information. If CONTRACTOR or one of its Agents receives a request to Disclose Protected Information, CONTRACTOR shall inform STATE of the request and coordinate the appropriate response with STATE. If CONTRACTOR Discloses Protected Information after coordination of a response with STATE, it shall document the authority used to authorize the Disclosure, the information Disclosed, the name of the receiving party, and the date of Disclosure. All such documentation shall be maintained for the term of the Contract or six years after the date of the Disclosure, whichever is later, and shall be produced upon demand by STATE.

K. Conflicting Provisions. CONTRACTOR shall comply with all applicable provisions of HIPAA and with the Contract and this Attachment. To extent that the parties determine, following consultation, that the terms of this Attachment are less stringent than the Applicable Safeguards, CONTRACTOR must comply with the Applicable Safeguards. In the event of any conflict in the requirements of the Applicable Safeguards, CONTRACTOR must comply with the most stringent Applicable Safeguard.

L. Data Availability. CONTRACTOR, or any entity with legal control of any Protected Information provided by STATE, shall make any and all Protected Information under the Contract and this Attachment available to STATE upon request within a reasonable time as is necessary for STATE to comply with applicable law.

2.3 Data Security.

A. STATE Information Management System Access. If STATE grants CONTRACTOR access to Protected Information maintained in a STATE information management system (including a STATE "legacy" system) or in any other STATE application, computer, or

storage device of any kind, then CONTRACTOR agrees to comply with any additional system- or application-specific requirements as directed by STATE.

B. Electronic Transmission. The parties agree to encrypt electronically transmitted Protected Information in a manner that complies with NIST Special Publications 800-52, "Guidelines for the Selection and Use of Transport Layer Security (TLS) Implementations"; 800-77, "Guide to IPsec VPNs"; 800-113, "Guide to SSL VPNs," or other methods validated under Federal Information Processing Standards (FIPS) 140-2, "Security Requirements for Cryptographic Modules." As part of its compliance with the NIST publications, and the State of Minnesota's "Enterprise Information Security Policies and Standards," DATA SHARING PARTNER must use encryption to store, transport, or transmit any Protected Information. DATA SHARING PARTNER must not use unencrypted email to send any Protected Information to anyone, including STATE.

C. Portable Media and Devices. The parties agree to encrypt Protected Information written to or stored on portable electronic media or computing devices in a manner that complies with NIST SP 800-111, "Guide to Storage Encryption Technologies for End User Devices."

2.4 CONTRACTOR Permitted Uses and Responsibilities.

A. Management and Administration. Except as otherwise limited in the Contract or this Attachment, CONTRACTOR may:

1. Use Protected Information for the proper management and administration of CONTRACTOR or to carry out the legal responsibilities of CONTRACTOR.
2. Disclose Protected Health Information for the proper management and administration of CONTRACTOR, provided that:

    a. The Disclosure is required by law; or
    b. The Disclosure is required to perform the services provided to or on behalf of STATE or the Disclosure is otherwise authorized by STATE, and if requested by the State CONTRACTOR shall:

        i. Obtain reasonable assurances from the entity to whom the Protected Health Information will be Disclosed that the Protected Health Information will remain confidential and Used or further Disclosed only as required by law or for the purposes for which it was Disclosed to the entity; and

        ii. Requires the entity to whom Protected Health Information is Disclosed to notify CONTRACTOR of any instances of which it is aware in which the confidentiality of Protected Health Information has been Breached or otherwise compromised.

B. Notice of Privacy Practices. If CONTRACTOR's duties and responsibilities require it, on behalf of STATE, to obtain individually identifiable health information from Individual(s),

then CONTRACTOR shall, before obtaining the information, confer with STATE to ensure that any required Notice of Privacy Practices includes the appropriate terms and provisions.

C. De-identify Protected Health Information. CONTRACTOR may use Protected Health Information to create de-identified Protected Health Information provided that CONTRACTOR complies with the de-identification methods specified in 45 C.F.R. § 164.514, "Other Requirements Relating to Uses and Disclosures of Protected Health Information." De-identified Protected Health Information remains the sole property of STATE and can only be Used or Disclosed by CONTRACTOR on behalf of STATE and pursuant to the Contract or by prior written approval of STATE.

D. Aggregate Protected Health Information. CONTRACTOR may use Protected Health Information to perform data aggregation services for STATE, and any such aggregated data remains the sole property of STATE. The CONTRACTOR must have the written approval of STATE prior to using Protected Health Information to perform data analysis or aggregation for parties other than STATE.

2.5 STATE Data Responsibilities

A. STATE shall Disclose Protected Information to CONTRACTOR only as authorized by law to CONTRACTOR.
B. STATE shall obtain any consents or authorizations that may be necessary for it to Disclose Protected Information with CONTRACTOR.
C. STATE shall notify CONTRACTOR of any limitations that apply to STATE's Use and Disclosure of Protected Information—including any restrictions on certain Disclosures of Protected Health Information requested under 45 C.F.R. § 164.522, "Rights to Request Privacy Protection for Protected Health Information," subpart (a), to which STATE has agreed and that would also limit the Use or Disclosure of Protected Information by CONTRACTOR.
D. STATE shall refrain from requesting CONTRACTOR to Use or Disclose Protected Information in a manner that would violate applicable law or would be impermissible if the Use or Disclosure were performed by STATE.

2.6 Obligations of CONTRACTOR Upon Expiration or Cancellation of the Contract.

Upon expiration or termination of the Contract for any reason:

A. In compliance with the procedures found in the Applicable Safeguards listed in subsection 2.1.A, or as otherwise required by applicable industry standards, or directed by STATE, CONTRACTOR shall immediately destroy or sanitize (permanently de-identify without the possibility of re-identification), or return in a secure manner to STATE all Protected Information that it still maintains.
B. CONTRACTOR shall ensure and document that the same action is taken for all Protected Information shared by STATE that may be in the possession of its Agents. CONTRACTOR and its Agents shall not retain copies of any Protected Information.
C. In the event that CONTRACTOR determines that returning or destroying the Protected Information is not feasible or would interfere with its ability to carry out its legal responsibilities, maintain appropriate safeguards, and/or comply with Subpart C of 45

C.F.R. Part 164, it shall notify STATE of the specific laws, rules, policies, or other circumstances that make return or destruction not feasible or otherwise inadvisable. Upon mutual agreement of the Parties that return or destruction of Protected Information is not feasible or otherwise inadvisable, CONTRACTOR will continue to extend the protections of the Contract and this Attachment to the Protected Information and take all measures possible to limit further Uses and Disclosures of the Protected Information for so long as it is maintained by CONTRACTOR or its Agents.

D. CONTRACTOR shall document and verify in a written report to STATE the disposition of Protected Information. The report shall include at a minimum the following information:
   1. A description of all Protected Information that has been sanitized or destroyed, whether performed internally or by a service provider;
   2. The method by which, and the date when, the Protected Data were destroyed, sanitized, or securely returned to STATE; and
   3. The identity of organization name (if different than CONTRACTOR), and name, address, and phone number, and signature of Individual, that performed the activities required by this Section.

E. Documentation required by this Section shall be made available upon demand by STATE.

F. Any costs incurred by CONTRACTOR in fulfilling its obligations under this Section will be the sole responsibility of CONTRACTOR.

3. INSURANCE REQUIREMENTS

3.1 Network Security and Privacy Liability Insurance. CONTRACTOR shall, at all times during the term of the Contract, keep in force a network security and privacy liability insurance policy. The coverage may be endorsed on another form of liability coverage or written on a standalone policy.

CONTRACTOR shall maintain insurance to cover claims which may arise from failure of CONTRACTOR's security or privacy practices resulting in, but not limited to, computer attacks, unauthorized access, Disclosure of not public data including but not limited to confidential or private information or Protected Health Information, transmission of a computer virus, or denial of service. CONTRACTOR is required to carry the following **minimum** limits:

$2,000,000 per occurrence

$2,000,000 annual aggregate

3.2 Privacy Liability Insurance. The CONTRACTOR shall maintain insurance to cover claims which may arise from failure of the CONTRACTOR to ensure the security of not public data stored on the State's documents, including but not limited to paper, microfilms, microfiche, magnetic computer tapes, cassette tapes, photographic negatives, photos, hard disks, floppy disks, flash drives, CDs, external hard drives, and carbon sheets, while in the CONTRACTOR's care, custody, and control. The coverage may be endorsed on another form of liability coverage or written on a standalone policy. Contractor is required to carry the following **minimum** limits:

$2,000,000 – Per Occurrence

$2,000,000 – Annual Aggregate

4. INTERPRETATION

4.1 Any ambiguity in this Agreement shall be interpreted to permit compliance with all Applicable Safeguards.

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