



Department of Transformation and Shared Services

Governor Sarah Huckabee Sanders

Secretary Joseph Wood

Director Edward Armstrong

March 24, 2023

Mr. Michael N. Shannon
Quattlebaum, Groom & Tull
111 Center Street, Suite 1900
Little Rock, Arkansas 72201

Re: Protest of Award in Solicitation No. S000000161: Pharmacy Benefit Manager

Dear Mr. Shannon:

While I am serving as the State Procurement Director, I want to do all in my power to encourage private sector participation in our solicitations and to help ensure the fair and equitable treatment of all persons who deal with our state procurement system. Please know that the TSS Office of State Procurement ("OSP") strives to conduct all solicitations pursuant to Arkansas Procurement Law, OSP Rules, and the terms and conditions of the solicitations themselves.

Despite our best efforts, there are still occasions for minor or material deviations from the same through human error. To help catch and remedy any material deviations, Arkansas Procurement Law contains a protest process by which offerors may inform the State Procurement Director of instances where the: (i) award of the contract exceeded the authority of the director or the procurement agency at issue; (ii) procurement process violated a constitutional, statutory, or regulatory provision; (iii) director or the procurement agency failed to follow the rules of the procurement as stated in the solicitation, and that failure materially affected the contract award; (iv) procurement process involved responses that were collusive, submitted in bad faith, or not arrived at independently through open competition; or (v) the anticipated contract award resulted from a technical or mathematical error made during the evaluation process.¹

Every protest presents me with an opportunity to review and assess our procurement processes for compliance with applicable law, rules, policies, and solicitation terms, as well as an opportunity to learn more about how OSP can better serve and support the state and its citizens in the future. Where, upon review, it is determined that a solicitation or anticipated award of a contract violated the law, then the solicitation or proposed award can be cancelled or revised to comply with the law.² If, upon review, it is determined that the solicitation did not violate a law but may have involved minor technical deficiencies in form or other minor procedural irregularities which did not affect the material substance of the RFP, then

¹ See Ark. Code Ann. § 19-11-244(a)(4).

² See Ark. Code Ann. § 19-11-247(b).

EXHIBIT

1

Office of State Procurement

501 Woodlane Street, Suite 220 * Little Rock, AR 72201 * 501.324.9316

strict compliance can be waived: (1) where the offeror does not derive any unfair competitive advantage; and (2) when it is in the State's best interest to do so.³

With the aforesaid in mind, I am grateful that both MedImpact Healthcare Systems, Inc. ("MedImpact") and Navitus Health Solutions, LLC ("Navitus") submitted proposals in response to the TSS Employee Benefits Division ("EBD") Solicitation No. S000000161 (the "Solicitation" or the "RFP") for a Pharmacy Benefit Manager ("PBM"). I would also like to thank MedImpact for submitting its protest (the "Protest") in connection with the anticipated award of a contract to Navitus. The Protest gave me an opportunity to review how the Solicitation was conducted, the proposals were evaluated, and the anticipated awardee selected. After reviewing the Protest, the reply of Navitus, the applicable law, and further relevant information, I have determined that the Protest should be sustained in part and denied in part. My reasoning and the authority I relied on is provided below.

I. THRESHOLD CONSIDERATIONS

As a threshold matter, I note that Arkansas Procurement Law only authorizes me to determine the merits of a protest that has been timely submitted by an interested party who raises one or more statutory grounds of protest.⁴ A protest that is untimely or that does not rest on statutory grounds is dismissed.

No one disputes that MedImpact's Protest was timely. MedImpact asserts that its protest of the anticipated award of a PBM contract to Navitus rests on "one or all" of three statutory grounds identified at Ark. Code Ann. § 19-11-244(a)(4)(A)(ii), (iii), and (v).⁵

II. LEGAL AUTHORITY GOVERNING REQUESTS FOR PROPOSALS

The primary statutory authority governing a request for proposals is found at Ark. Code Ann. § 19-11-230. It requires an award made to the responsible offeror whose proposal is determined in writing to be the most advantageous "considering price and evaluation factors set forth in the request for proposals."⁶

It and other provisions of Arkansas Procurement Law are to be "construed liberally and applied to promote its underlying purposes and policies."⁷ The "underlying purposes and policies of [Arkansas Procurement Law]" are to:

- (1) Simplify, clarify, and modernize the law governing procurement by this state;
- (2) Permit the continued development of procurement policies and practices;
- (3) Provide for increased public confidence in the procedures followed in public procurement;
- (4) Ensure the fair and equitable treatment of all persons who deal with the procurement system of this state;
- (5) Provide increased economy in state procurement activities by fostering effective competition; and
- (6) Provide safeguards for the maintenance of a procurement system of quality and integrity.

³ See OSP Rule R7:19-11-230(a).

⁴ See Ark. Code Ann. § 19-11-244 and OSP Rule R1:19-11-244.

⁵ Protest, Page 2.

⁶ Ark. Code Ann. § 19-11-230(a)(4).

⁷ Ark. Code Ann. § 19-11-209(1).

For purposes of Arkansas Procurement Law, “may” indicates something is permissive and “shall” means it is imperative.⁸

III. PROTEST ARGUMENTS

The Protest contends that the proposal Navitus submitted (the “Navitus Proposal”) should be rejected because it: (A) did not conform with the requirements of the RFP; (B) violates the state’s “any willing provider” law; and (C) was untimely.⁹

A. Whether the Navitus Proposal should be rejected because it does not conform with the RFP requirements

MedImpact’s Protest asserts that the Navitus Proposal should be rejected because it did not meet the RFP’s requirements with respect to pricing. In support, the Protest identifies some mandatory requirements in Sections 1.10.C, D, and F of the RFP regarding pricing. These Sections provide as follows:

C. The Contractor **shall** measure and reconcile each distinct non-Rebate pricing guarantee (including discounts and dispensing fees) on a “Component” basis only and on a dollar-for-dollar basis with 100% of any shortfalls recouped by EBD.

1. “Components” include but are not limited to broad retail brand with 1-31 days’ supply, broad retail generic with 1-31 days’ supply, broad retail 90 brand with 32-93 days’ supply, broad retail 90 generic with 32-93 days’ supply, Arkansas Independents & Associations retail brand with 1-31 days’ supply, Arkansas Independents & Associations retail 90 brand with 32-93 days’ supply, Arkansas Independents & Associations retail generic with 1-31 days’ supply, Arkansas Independents & Associations retail 90 generic with 32-93 days’ supply, mail order brand, mail order generic, LDDs and specialty drugs at participating retail pharmacies, LDDs and specialty drugs at Arkansas Independents & Associations, and LDDs and specialty drugs at the Contractor’s Specialty Pharmacy.

D. The Contractor **shall not** utilize surpluses in one Component (including Rebates) to offset deficits in another Component.

F. The Contractor shall measure and reconcile broad retail 30 and Arkansas Independents & Associations retail 30 network guarantees for prescriptions with 1-31 days’ supply and broad retail 90 and Arkansas Independents & Associations retail 90 network guarantees for prescriptions with 32-93 days’ supply on a separate Component basis given that they have separate guaranteed rates.

1. The Contractor shall not use a surplus for either of these guarantees to offset a

⁸ Ark. Code Ann. § 19-11-203(16) and (28).

⁹ Protest, Pages 2-22.

shortfall for one of the other retail Component or any other Component guarantees. This must apply to each guarantee, including the separate 1-31 days' supply guarantees and the guarantees for 32-93 days' supply under the broad retail network and Arkansas Independents & Associations retail network guarantees.

See, RFP §§ 1.10.C, D, and F. I also note that RFP § 1.8(B)(3)(c)(i) provides:

- Prospective Contractors shall submit pricing as specified in the RFP Sections 1.10 and 1.11 and as instructed on the instructions tab of the S000000161 Cost Workbook

In sum, the RFP mandated, and the RFP evaluation methodology assumed, that pricing would be uniformly submitted by the Prospective Contractors in conformity with RFP Sections 1.10 and 1.11. The Protest establishes that Navitus did not initially submit a pricing proposal as specified in RFP §§ 1.10.C, D, and F.

The initial pricing proposal Navitus submitted was explicitly premised on Navitus being able to offset fiscal underperformance and performance guarantees in one area of the pricing with overperformance in other components, which may very well be a sensible approach, but is inconsistent with the requirements of the RFP. Consequently, the pricing proposal that Navitus initially submitted did not satisfy the RFP's mandatory pricing terms and was not submitted on the same basis as the pricing proposals of offerors who met the RFP's mandatory pricing requirements.

An offeror's failure to submit pricing consistent with an RFP's requirements is a material and substantive deviation from the solicitation requirements whenever an apples-to-apples pricing comparison is a material element of the evaluation process set forth in the RFP. As noted in a prior protest determination, to ensure fairness of the price comparison component of an RFP evaluation, offerors should all be required to "stand on the same scale."¹⁰ Allowing an offeror to submit a pricing proposal using a pricing methodology different than one required or permitted by an RFP frustrates a fair comparison – unless all of the other vendors reasonably susceptible of being awarded the contract are also afforded the same latitude or restraint with respect to pricing methodology so that a one-to-one comparison of pricing can be made.¹¹

To avoid the inequity of using the same RFP price evaluation methodology for prices that do not conform with the RFP's requirements, a procurement officer may, depending on the circumstances, elect to: (1) reject all non-conforming proposals, leaving only the responsive proposals to be evaluated¹²; (2) reject all proposals and cancel the solicitation in order to make another attempt¹³; or (3) solicit a best and final offer ("BAFO") from all of the offerors who are reasonably susceptible of being awarded the contract in order to create a uniform opportunity for them to revise and resubmit proposals consistent with the BAFO request¹⁴.

Here, as noted above, the proposal Navitus originally submitted did not meet all the pricing requirements

¹⁰ Protest, Page 17, referencing the determination of a protest concerning DHS RFP No. 710-20-0041.

¹¹ See Ark. Code Ann. § 19-11-230(e)(2)(A).

¹² See OSP Rule R6:19-11-230(1)-(2).

¹³ See OSP Rule R6:19-11-230(6).

¹⁴ See OSP Rule R8:19-11-230.1 (g)(1)(D)(BAFO may be used where all offerors submitted responses that are unclear or deficient in one or more areas).

of the RFP. Based on this initial failure to submit a pricing proposal that conformed with the RFP's requirements, the procurement officials involved would have had the discretion to reject the Navitus Proposal.¹⁵ However, this discretion is permissive.¹⁶ Offerors may be allowed to revise their original proposal as a result of discussions, but only for the purpose of providing a "best and final offer."¹⁷ Arkansas Procurement Law also provides that, "[i]f discussions conducted after the deadline for the receipt of proposals necessitate material revisions of proposals, each offeror determined to be responsible and reasonably susceptible of being awarded a contract shall be provided an opportunity to revise its proposal for the purpose of submitting a best and final offer."¹⁸ A procurement agency may consider this option when it receives a pool of proposals that all contain some exceptions or deficiency,¹⁹ and it may decide to cure the deficiencies and foster competition²⁰ by soliciting a BAFO from all offerors who are reasonably susceptible of being awarded a contract.²¹ This is an even-handed approach that would permit the qualifying offerors the same opportunity to revise their proposals and make a final offer.

In sum, Navitus was permitted to submit a pricing proposal using a pricing methodology inconsistent with the mandatory pricing requirements of the RFP. This gave the State permissive grounds for rejecting the Navitus proposal. However, since the authority to reject is permissive, and because Arkansas Procurement Law permits revision of a proposal prior to award insofar as the State does so in the context of soliciting a BAFO, there may yet be an opportunity for the State to issue a request for pricing proposals pursuant to a BAFO that sets forth a clear standard and uniformly gives all offerors reasonably susceptible of being awarded a contract the opportunity to participate and be evaluated on the same terms as set forth in the BAFO request.

I sustain the Protest to the extent it maintains that the pricing proposal Navitus submitted did not conform to the RFP's requirements and should not have been evaluated against other pricing proposals as if it did. I do not sustain its argument that rejection of the proposal is mandatory at this point because the solicitation may yet be revised to comply with the law,²² which may be done by a BAFO request with a clear and uniform pricing standard that is extended to all offerors reasonably susceptible of being awarded a contract. I find no cause to conclude that Navitus tried to "game the system" by using the Exceptions Form that had been provided in the RFP and which apparently invited confusion regarding whether the RFP's mandatory pricing terms were truly mandatory.

¹⁵ See Ark. Code Ann. § 19-11-230(i) and OSP Rule R6:19-11-230.

¹⁶ See Ark. Code Ann. § 19-11-230(i)(1) ("A competitive sealed proposal *may* be cancelled or any or all proposals may be rejected in writing by the director or the agency procurement official.") (emphasis added); Ark. Code Ann. § 19-11-230(i)(3) ("A proposal *may* be rejected for failure to adhere to mandatory requirements.") (emphasis added).

¹⁷ Ark. Code Ann. § 19-11-230(e)(2)(B).

¹⁸ Ark. Code Ann. § 19-11-230(e)(2)(A). This requirement, where applicable, serves to maximize competition by requiring the procurement agency to invite all qualifying offerors to submit a BAFO on the same terms and works towards ensuring that the State doesn't pick a favored vendor on the basis of pricing elements or evaluation factors outside of those stated in the RFP and coach it, after the sealed proposals are opened, how to revise its proposal in order to justify receiving the contract award. Please note, this is not meant to remotely suggest that is what happened here, because I do not believe that it is. It is simply meant to clarify what I understand the intent of this provision of procurement law to be.

¹⁹ The procurement official conducting this Solicitation advises me that all the offerors responding to this RFP, including MedImpact, submitted proposals that took exceptions to the RFP's requirements.

²⁰ See OSP Rule R8:19-11-230.1(a).

²¹ OSP Rule R8:19-11-230.1(g)(1)(D).

²² Ark. Code Ann. § 19-11-247(b)(2).

B. Whether the Navitus Proposal should be rejected because it violates the Arkansas “Any Willing Provider” law

The Protest asserts that the Navitus Proposal violates the Arkansas “Any Willing Provider” law. This assertion does not support the statutory protest ground that the procurement process violated a constitutional, statutory, or regulatory provision. It is not about the procurement process violating the law, instead it is a speculative argument that the process Navitus proposed for removing pharmacies from the network could result in violations of the “Any Willing Provider” law. The fact that Navitus did not specifically identify this law in its proposal does not, in and of itself, violate any constitutional, statutory or regulatory provision, nor does it require EBD or Navitus to do so in the future. Accordingly, the Protest’s argument that the Navitus Proposal violates the “Any Willing Provider” law is not sustained.

C. Whether the Navitus Proposal should be rejected because it was untimely

The Protest contends that Navitus’ proposal should have been rejected due to it being submitted via email on November 30, 2022, after 2:00 p.m. instead of through the ARBuy portal prior to 2:00 p.m. ARBuy is the eProcurement system OSP currently uses for handling bids and RFPs.

It is a fact that the RFP’s cover page provides that proposals must be submitted through ARBuy prior to the 2:00 p.m. deadline on November 30, 2022, and that Navitus did not submit its proposal through ARBuy before 2:00 p.m. However, Navitus had contacted the OSP procurement official prior to the deadline to report a technical issue it experienced while using the ARBuy portal that prevented it from being able to submit its proposal. The procurement official has advised me that, unfortunately, technical difficulties such as this occasionally arise when offerors use the ARBuy portal to submit a large proposal. After Navitus made the procurement team aware of its failed attempts to submit its proposal via ARBuy prior to the 2:00 p.m. deadline, the procurement official permitted Navitus to send its proposal via email. The procurement official decided, under the circumstances, not to reject the Navitus proposal.

MedImpact is technically correct that this was a submission requirement that Navitus did not meet. However, because this minor irregularity in the means of submission did not affect the material substance of the Navitus Proposal and because submitting a proposal via email instead of through ARBuy does not represent an unfair competitive advantage—since it is not the basis of any evaluation or scoring— and the amount of delay was de minimis, then I find that, under these circumstances, it is in the State’s best interest to foster competition and for me to waive strict enforcement of this requirement.²³

Accordingly, I sustain the technical validity of the Protest’s argument that the tardy and irregular submission of the Navitus Proposal violated a submission requirement of the RFP but find that rejection of the Navitus Proposal would be extreme under the circumstances. Pursuant to Ark. Code Ann. § 19-11-244(g), unless MedImpact becomes disqualified through award of the PBM contract as a result of any subsequent BAFO

²³ OSP Rule R7:19-11-230(a) provides:

There is a strong public interest in favor of conserving public funds in awarding public contracts, and little, if any, public benefit in disqualifying proposals for technical deficiencies in form or minor irregularities where the offeror does not derive any unfair competitive advantage therefrom. The State Procurement Director or agency procurement official may waive technicalities in proposals or minor irregularities in a procurement which do not affect the material substance of the Request for Proposals when it is in the State’s best interest to do so.

request that EBD may elect to issue, then it may pursue reimbursement of reasonable costs incurred in connection with the Solicitation, including preparation costs, through the Arkansas State Claims Commission

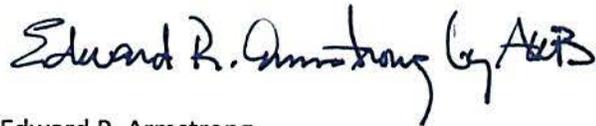
IV. CONCLUSION

Considering the aforesaid authority in connection with the RFP, the documented facts, the arguments raised in the Protest, the Navitus response to the Protest, relevant information provided by EBD, and other relevant information, the Protest is sustained in part and denied in part as set forth with greater particularity above.

Although I do not address every element of every argument raised in the Protest, I have reviewed them all and find, except to the extent noted above, none requires the protestor's requested rejection of the Navitus proposal at this time since the State may yet engage in a BAFO request that could conceivably cure the issues by which the Protestor believes itself to be aggrieved.

Pursuant to Ark. Code Ann. § 19-11-244 (e)(1), this determination is final and conclusive as to the Protest.

Respectfully,

Handwritten signature of Edward R. Armstrong in black ink.

Edward R. Armstrong
State Procurement Director

From: Amanda Land
Date: March 30, 2023 9:13:54 AM (-05)
To: Tanya Freeman (OSP); Dakini Fields; Grant Wallace (EBD); Edward Armstrong; Shannon Halijan; Anthony Black
Cc: Brandi Schroeder (OSP)
Subject: **RE: S161 BAFO draft**

Attachments: Copy of S000000161 BAFO Cost Workbook-3-30 GW edit adl edits.xlsx;

Attached are our edits to the pricing sheet. OSP, there are a few cells that will need formulas plugged in, can you complete those for us?



Amanda Land | Deputy Director
Transformation and Shared Services, Employee Benefits Division
o. 501.682.5142 | amanda.land@arkansas.gov
[Website](#) | [Facebook](#) | [Twitter](#) | [LinkedIn](#) | [Instagram](#)

From: Tanya Freeman (OSP) <tanya.freeman@arkansas.gov>
Sent: Wednesday, March 29, 2023 3:38 PM
To: Amanda Land <Amanda.Land@arkansas.gov>; Dakini Fields <Dakini.Fields@arkansas.gov>; Grant Wallace (EBD) <Grant.Wallace@arkansas.gov>; Edward Armstrong <edward.armstrong@arkansas.gov>; Shannon Halijan <Shannon.Halijan@arkansas.gov>; Anthony Black <Anthony.Black@arkansas.gov>
Cc: Brandi Schroeder (OSP) <brandi.schroeder@arkansas.gov>
Subject: RE: S161 BAFO draft

This is looking great!

I am including this price sheet from the 2015 RFP here. I wasn't sure how much headway you guys had been able to make on the new one, but it sounds like we are scaling back quite a bit. The 2015 one is very scaled and may be easier to tweak to fit the BAFO needs.

Let me know if I can help at all.

Tanya Freeman
Statewide Program Manager

Transformation and Shared Services, Office of State Procurement
o. 501.682.4140 | c. 501.425.4522
tanya.freeman@arkansas.gov

From: Amanda Land <Amanda.Land@arkansas.gov>
Sent: Wednesday, March 29, 2023 3:23 PM
To: Dakini Fields <Dakini.Fields@arkansas.gov>; Tanya Freeman (OSP) <tanya.freeman@arkansas.gov>; Grant Wallace (EBD) <Grant.Wallace@arkansas.gov>; Edward Armstrong <edward.armstrong@arkansas.gov>; Shannon Halijan <Shannon.Halijan@arkansas.gov>; Anthony Black <Anthony.Black@arkansas.gov>
Cc: Brandi Schroeder (OSP) <brandi.schroeder@arkansas.gov>
Subject: RE: S161 BAFO draft

I am adding another part to 1.7(C), will send shortly.



Amanda Land | Deputy Director
Transformation and Shared Services, Employee Benefits Division
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From: Dakini Fields <Dakini.Fields@arkansas.gov>

BAFO006505

EXHIBIT
2

Sent: Wednesday, March 29, 2023 2:07 PM
To: Tanya Freeman (OSP) <tanya.freeman@arkansas.gov>; Grant Wallace (EBD) <Grant.Wallace@arkansas.gov>; Edward Armstrong <edward.armstrong@arkansas.gov>; Shannon Halijan <Shannon.Halijan@arkansas.gov>; Amanda Land <Amanda.Land@arkansas.gov>; Anthony Black <Anthony.Black@arkansas.gov>
Cc: Brandi Schroeder (OSP) <brandi.schroeder@arkansas.gov>
Subject: Re: S161 BAFO draft

Tanya,

This is our latest copy with edits and comments from the team. Thank you so much!

Respectfully,

Dakini Fields



Staff Attorney

Transformation and Shared Services, Employee Benefits Division

o. 501.683.5690

dakini.fields@arkansas.gov

EPIC Service

From: Tanya Freeman (OSP) <tanya.freeman@arkansas.gov>
Sent: Wednesday, March 29, 2023 1:15 PM
To: Grant Wallace (EBD) <Grant.Wallace@arkansas.gov>; Edward Armstrong <edward.armstrong@arkansas.gov>; Dakini Fields <Dakini.Fields@arkansas.gov>; Shannon Halijan <Shannon.Halijan@arkansas.gov>; Amanda Land <Amanda.Land@arkansas.gov>; Anthony Black <Anthony.Black@arkansas.gov>
Cc: Brandi Schroeder (OSP) <brandi.schroeder@arkansas.gov>
Subject: RE: S161 BAFO draft

Grant,

Just checking in on the status of this. Also, the language added to 1.6.C is the deviation language that Ed discussed. I used the language from the posted RFP and changed the percentage from 25% to 10%. We can change to 15% if EBD prefers that.

Thank you!

Tanya Freeman

Statewide Program Manager

Transformation and Shared Services, Office of State Procurement
o. 501.682.4140 | c. 501.425.4522
tanya.freeman@arkansas.gov

From: Grant Wallace (EBD) <Grant.Wallace@arkansas.gov>
Sent: Tuesday, March 28, 2023 8:30 PM
To: Tanya Freeman (OSP) <tanya.freeman@arkansas.gov>; Edward Armstrong <edward.armstrong@arkansas.gov>; Dakini Fields <Dakini.Fields@arkansas.gov>; Shannon Halijan <Shannon.Halijan@arkansas.gov>; Amanda Land <Amanda.Land@arkansas.gov>; Anthony Black <Anthony.Black@arkansas.gov>
Cc: Brandi Schroeder (OSP) <brandi.schroeder@arkansas.gov>
Subject: RE: S161 BAFO draft

All,

Please find attached a draft with my comments. Trying to add in the decisions from today's conversations. EBD will attempt to redline by noon tomorrow for the group's review. Additionally EBD will work with OSP on developing the cost worksheet.

BAFO006506

From: Tanya Freeman (OSP) <tanya.freeman@arkansas.gov>
Sent: Tuesday, March 28, 2023 3:40 PM
To: Grant Wallace (EBD) <Grant.Wallace@arkansas.gov>; Edward Armstrong <edward.armstrong@arkansas.gov>; Dakini Fields <Dakini.Fields@arkansas.gov>; Shannon Halijan <Shannon.Halijan@arkansas.gov>; Amanda Land <Amanda.Land@arkansas.gov>; Anthony Black <Anthony.Black@arkansas.gov>
Cc: Brandi Schroeder (OSP) <brandi.schroeder@arkansas.gov>
Subject: S161 BAFO draft

Good afternoon!

Please see the attached BAFO draft for EBD review.

Thank you,



Tanya Freeman | Statewide Procurement Manager
Transformation and Shared Services | Office of State Procurement
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BAFO006507

BAFO COST WORKBOOK
S000000161 Pharmacy Benefits Manager

Prospective Contractor Name:

- Prospective Contractors shall complete all blue-highlighted cells on Tab 2. Cells not shaded in blue will calculate.
- Submitted rates must be guaranteed for the corresponding contract year (i.e., 7/1/2023, 7/1/2024, 7/1/2025)
- The plan design to be used for pricing is outlined in the RFP.
- Provide all applicable rates on a per member per month (PMPM) basis where indicated.
- The Contractor shall not include commissions, and all proposals must be submitted directly from the contracting company, without any intermediary.

- Each table will automatically calculate to the green-shaded Three Year Grand Total field that will be used for low cost determination.

BAFO Cost Workbook
S00000161 Pharmacy Benefits Manager

TABLE A - Administration	Per Member Per Month (PMPM)	X 140,000 members	X 12 months	X 36 months
All-inclusive PMPM Administration Fee				

TABLE B - Claims Pricing	Claims repricing cost			
Claims Processed via existing formulary - with rebates included				
Claims Processed via prospective formulary - with rebates included				
Claims Processed via existing formulary - without rebates included				
Claims Processed via prospective formulary - without rebates included				

TABLE C - Rebate Pricing		Total Rebate
	X 1 quarter	X 12 quarters
25 drugs pre-selected by EBD		
		\$0.00

Three Year Grand Total (Tables A, B, C)		
--	--	--

From: Tanya Freeman (OSP)
Date: March 30, 2023 10:11:06 AM (-05)
To: Amanda Land; Dakini Fields; Grant Wallace (EBD); Edward Armstrong; Shannon Halijan; Anthony Black
Cc: Brandi Schroeder (OSP)
Subject: **RE: S161 BAFO draft**

Attachments: S000000161 BAFO Cost Workbook-3-30 GW edit adl edits tf edit.xlsx;

Here is the cost workbook with formulas. I am still working out the formulas for point allocation across each proposal. I will update the latest BAFO draft when I have that nailed down.

Tanya Freeman

Statewide Program Manager

Transformation and Shared Services, Office of State Procurement
o. 501.682.4140 | c. 501.425.4522
tanya.freeman@arkansas.gov

From: Amanda Land <Amanda.Land@arkansas.gov>
Sent: Thursday, March 30, 2023 9:24 AM
To: Tanya Freeman (OSP) <tanya.freeman@arkansas.gov>; Dakini Fields <Dakini.Fields@arkansas.gov>; Grant Wallace (EBD) <Grant.Wallace@arkansas.gov>; Edward Armstrong <edward.armstrong@arkansas.gov>; Shannon Halijan <Shannon.Halijan@arkansas.gov>; Anthony Black <Anthony.Black@arkansas.gov>
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Table B would not need any formulas



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Sent: Thursday, March 30, 2023 9:20 AM
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Cc: Brandi Schroeder (OSP) <brandi.schroeder@arkansas.gov>
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Of course! Does Table B need any formulas? Or will they enter a figure into each shaded cell in Table B that need to calculate into the 3-year total?

Tanya Freeman

Statewide Program Manager

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tanya.freeman@arkansas.gov

From: Amanda Land <Amanda.Land@arkansas.gov>
Sent: Thursday, March 30, 2023 9:14 AM
To: Tanya Freeman (OSP) <tanya.freeman@arkansas.gov>; Dakini Fields <Dakini.Fields@arkansas.gov>; Grant Wallace (EBD) <Grant.Wallace@arkansas.gov>; Edward Armstrong <edward.armstrong@arkansas.gov>; Shannon Halijan <Shannon.Halijan@arkansas.gov>; Anthony Black <Anthony.Black@arkansas.gov>
Cc: Brandi Schroeder (OSP) <brandi.schroeder@arkansas.gov>

BAFO006532

EXHIBIT
3

Subject: RE: S161 BAFO draft

Attached are our edits to the pricing sheet. OSP, there are a few cells that will need formulas plugged in, can you complete those for us?



Amanda Land | Deputy Director
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To: Amanda Land <Amanda.Land@arkansas.gov>; Dakini Fields <Dakini.Fields@arkansas.gov>; Grant Wallace (EBD) <Grant.Wallace@arkansas.gov>; Edward Armstrong <edward.armstrong@arkansas.gov>; Shannon Halijan <Shannon.Halijan@arkansas.gov>; Anthony Black <Anthony.Black@arkansas.gov>
Cc: Brandi Schroeder (OSP) <brandi.schroeder@arkansas.gov>
Subject: RE: S161 BAFO draft

This is looking great!

I am including this price sheet from the 2015 RFP here. I wasn't sure how much headway you guys had been able to make on the new one, but it sounds like we are scaling back quite a bit. The 2015 one is very scaled and may be easier to tweak to fit the BAFO needs.

Let me know if I can help at all.

Tanya Freeman
Statewide Program Manager

Transformation and Shared Services, Office of State Procurement
o. 501.682.4140 | c. 501.425.4522
tanya.freeman@arkansas.gov

From: Amanda Land <Amanda.Land@arkansas.gov>
Sent: Wednesday, March 29, 2023 3:23 PM
To: Dakini Fields <Dakini.Fields@arkansas.gov>; Tanya Freeman (OSP) <tanya.freeman@arkansas.gov>; Grant Wallace (EBD) <Grant.Wallace@arkansas.gov>; Edward Armstrong <edward.armstrong@arkansas.gov>; Shannon Halijan <Shannon.Halijan@arkansas.gov>; Anthony Black <Anthony.Black@arkansas.gov>
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Subject: RE: S161 BAFO draft

I am adding another part to 1.7(C), will send shortly.



Amanda Land | Deputy Director
Transformation and Shared Services, Employee Benefits Division
o. 501.682.5142 | amanda.land@arkansas.gov
[Website](#) | [Facebook](#) | [Twitter](#) | [LinkedIn](#) | [Instagram](#)

From: Dakini Fields <Dakini.Fields@arkansas.gov>
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Cc: Brandi Schroeder (OSP) <brandi.schroeder@arkansas.gov>
Subject: Re: S161 BAFO draft

Tanya,

BAFO006533

This is our latest copy with edits and comments from the team. Thank you so much!

Respectfully,

Dakini Fields



Staff Attorney

Transformation and Shared Services, Employee Benefits Division

o. 501.683.5690

dakini.fields@arkansas.gov

EPIC Service

From: Tanya Freeman (OSP) <tanya.freeman@arkansas.gov>
Sent: Wednesday, March 29, 2023 1:15 PM
To: Grant Wallace (EBD) <Grant.Wallace@arkansas.gov>; Edward Armstrong <edward.armstrong@arkansas.gov>; Dakini Fields <Dakini.Fields@arkansas.gov>; Shannon Halijan <Shannon.Halijan@arkansas.gov>; Amanda Land <Amanda.Land@arkansas.gov>; Anthony Black <Anthony.Black@arkansas.gov>
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Subject: RE: S161 BAFO draft

Grant,

Just checking in on the status of this. Also, the language added to 1.6.C is the deviation language that Ed discussed. I used the language from the posted RFP and changed the percentage from 25% to 10%. We can change to 15% if EBD prefers that.

Thank you!

Tanya Freeman

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Subject: RE: S161 BAFO draft

All,

Please find attached a draft with my comments. Trying to add in the decisions from today's conversations. EBD will attempt to redline by noon tomorrow for the group's review. Additionally EBD will work with OSP on developing the cost worksheet.

From: Tanya Freeman (OSP) <tanya.freeman@arkansas.gov>
Sent: Tuesday, March 28, 2023 3:40 PM
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Cc: Brandi Schroeder (OSP) <brandi.schroeder@arkansas.gov>
Subject: S161 BAFO draft

Good afternoon!

BAFO006534

Please see the attached BAFO draft for EBD review.

Thank you,



Tanya Freeman | Statewide Procurement Manager
Transformation and Shared Services | Office of State Procurement
o. 501.682.4140 | c. 501.425.4522 | tanya.freeman@arkansas.gov
[Website](#) | [Facebook](#) | [Twitter](#) | [LinkedIn](#) | [Instagram](#)

BAFO COST WORKBOOK

S000000161 Pharmacy Benefits Manager

Prospective Contractor Name:

- Prospective Contractors shall complete all blue-highlighted cells on Tab 2. Cells not shaded in blue will calculate.
- Submitted rates must be guaranteed for the corresponding contract year (i.e., 7/1/2023, 7/1/2024, 7/1/2025)
- The plan design to be used for pricing is outlined in the RFP.
- Provide all applicable rates on a per member per month (PMPM) basis where indicated.
- The Contractor shall not include commissions, and all proposals must be submitted directly from the contracting company, without any intermediary.
- Each table will automatically calculate to the green-shaded Three Year Grand Total field that will be used for low cost determination.

BAFO Cost Workbook
S000000161 Pharmacy Benefits Manager

TABLE A - Administration (78.75 possible cost points)	Per Member Per Month (PMPM)	X 140,000 members	X 12 months	X 36 months
All-inclusive PMPM Administration Fee		\$ -	\$ -	\$ -
SubTotal Table A				\$ -

TABLE B - Claims Pricing (105 total cost points possible for existing formulary and 183.75 cost points possible for prospective formulary)	Claims repricing cost
Claims Processed via existing formulary - with rebates included	
Claims Processed via prospective formulary - with rebates included	
Claims Processed via existing formulary - without rebates included	
Claims Processed via prospective formulary - without rebates included	
Subtotal Table B	\$ -

TABLE C - Rebate Pricing (157.5 cost points possible)		Total Rebate
	X 1 quarter	X 12 quarters
25 drugs pre-selected by EBD		\$ -
Subtotal Table C		\$0.00

Three Year Grand Total (Tables A, B, C)		\$ -
--	--	-------------

From: Oktawia DeYoung
Date: March 30, 2023 9:25:34 AM (-05)
To: Dakini Fields
Subject: **RE: S161 BAFO draft**

Attachments:

Hey Dakini,

Since table B is a repricing table and they all received the same data, no formulas needed there! The tables A and C are the ones needing formulas.

From: Dakini Fields <Dakini.Fields@arkansas.gov>
Sent: Thursday, March 30, 2023 9:20 AM
To: Oktawia DeYoung <Oktawia.DeYoung@arkansas.gov>
Subject: Fw: S161 BAFO draft

see tanya's question below

Respectfully,

Dakini Fields



Staff Attorney

Transformation and Shared Services, Employee Benefits Division

o. 501.683.5690

dakini.fields@arkansas.gov

EPIC Service

From: Tanya Freeman (OSP) <tanya.freeman@arkansas.gov>
Sent: Thursday, March 30, 2023 9:19 AM
To: Amanda Land <Amanda.Land@arkansas.gov>; Dakini Fields <Dakini.Fields@arkansas.gov>; Grant Wallace (EBD) <Grant.Wallace@arkansas.gov>; Edward Armstrong <edward.armstrong@arkansas.gov>; Shannon Halijan <Shannon.Halijan@arkansas.gov>; Anthony Black <Anthony.Black@arkansas.gov>
Cc: Brandi Schroeder (OSP) <brandi.schroeder@arkansas.gov>
Subject: RE: S161 BAFO draft

Of course! Does Table B need any formulas? Or will they enter a figure into each shaded cell in Table B that need to calculate into the 3-year total?

Tanya Freeman

Statewide Program Manager

Transformation and Shared Services, Office of State Procurement
o. 501.682.4140 | c. 501.425.4522
tanya.freeman@arkansas.gov

From: Amanda Land <Amanda.Land@arkansas.gov>
Sent: Thursday, March 30, 2023 9:14 AM
To: Tanya Freeman (OSP) <tanya.freeman@arkansas.gov>; Dakini Fields <Dakini.Fields@arkansas.gov>; Grant Wallace (EBD) <Grant.Wallace@arkansas.gov>; Edward Armstrong <edward.armstrong@arkansas.gov>; Shannon Halijan <Shannon.Halijan@arkansas.gov>; Anthony Black <Anthony.Black@arkansas.gov>
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Subject: RE: S161 BAFO draft

EXHIBIT

4

Attached are our edits to the pricing sheet. OSP, there are a few cells that will need formulas plugged in, can you complete those for us?



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Transformation and Shared Services, Employee Benefits Division
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Subject: S161 BAFO draft

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From: Tanya Freeman (OSP)
Date: March 30, 2023 7:56:09 PM (-05)
To: Grant Wallace (EBD);Dakini Fields;Amanda Land;Edward Armstrong;Shannon Halijan;Anthony Black
Cc: Brandi Schroeder (OSP)
Subject: **S161 BAFO drafts**

Attachments: S000000161 BAFO Request draft 3.30 v2.docx; S000000161 BAFO Cost Workbook-3-30 GW edit adl edits tf edit.xlsx;

Team-

Please see the attached drafts that are pretty close to finalized. I found a couple of outstanding items while working through the language:

1. Do we have a list of the 25 drugs? Can we include them as a Tab 3 on the cost workbook? Or should they be a separate attachment?
2. I changed the language around Table B. It was previously asking for an explanation..but we have the cost workbook set for dollar amounts. I would suggest sticking with the dollar amounts so we avoid subjective scoring.
3. I don't see any language that actually says they won't have exceptions to the requirements of the RFP. My only concern is that they will submit pricing with the assumption that their previously submitted exceptions still hold.

Thank you and as always, feedback is welcome!



Tanya Freeman | Statewide Procurement Manager
Transformation and Shared Services | Office of State Procurement
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[Website](#) | [Facebook](#) | [Twitter](#) | [LinkedIn](#) | [Instagram](#)

BAFO006632

EXHIBIT

5



STATE OF ARKANSAS
DEPARTMENT OF TRANSFORMATION AND SHARED SERVICES
OFFICE OF STATE PROCUREMENT
501 Woodlane St., Ste. 220
Little Rock, Arkansas 72201-1023

Request for Best and Final Offer

Solicitation Number: S000000161
Description: Pharmacy Benefits Manager Services
Agency: Employee Benefits Division
BAFO Number: 1
Issue Date: March 31, 2023
Submission Deadline: April 7, 2023 @ 2:00 CST

1.1 NOTICE TO PROSPECTIVE CONTRACTORS

The State of Arkansas requests a Best and Final Offer (BAFO), subject to the terms, conditions, and requirements hereof, from each offeror who submitted proposals in response to Solicitation Number S000000161 (the "Solicitation" or the "RFP"). Each such offeror, referred to herein as a Prospective Contractor, may submit a BAFO for the services described in the Solicitation prior to April 7, 2023 at 2:00 CST. Prospective Contractors are not required to submit a BAFO proposal and may submit a written response stating that their response remains as originally submitted. The State reserves the right to reject such responses and limit further evaluation to BAFOs responsive to this BAFO request if the cost or pricing data the Prospective Contractor originally submitted was not consistent with the RFP's mandatory requirements.

1.2 ACCEPTANCE OF OFFER

If the State accepts any BAFO made in response to this Solicitation, such acceptance **shall** include the Prospective Contractor's response to this BAFO, if any, and any provisions and requirements of the original RFP which have not been superseded by the Prospective Contractor's BAFO and this BAFO request. If a BAFO is accepted, subject to further legislative review and approval by the State Procurement Director, these integrated documents, together with any documented agreement between the Employee Benefits Division ("EBD") and the Prospective Contractor arising from the Solicitation, Proposals, this BAFO request, the BAFO, clarification, negotiation, or other discussion, **shall** then constitute the written agreement between the parties. A final written agreement will be prepared that merges all the material terms of the agreement into an integrated document.

1.3 PROPOSAL DELIVERY AND SUBMISSION INSTRUCTIONS

- A. This request is for the BAFO from the Prospective Contractors for Pharmacy Benefits Manager Services. Submissions for this BAFO **must** be delivered to the Department of Transformation and Shared Services ("TSS") Office of State Procurement ("OSP") address below:

TSS Office of State Procurement
501 Woodlane St., Ste. 220
Little Rock, Arkansas 72201-1023
- B. Delivery providers, USPS, UPS, and FedEx deliver mail to OSP's street address on a schedule determined by each individual provider. These providers will deliver to OSP based solely on the street address. **Prospective Contractors assume all risk for timely, properly submitted deliveries.**
- C. Prospective Contractors **shall** seal outer packaging and properly mark with the following information. If outer packaging of proposal submission is not properly marked, the package may be opened for proposal identification purposes.

- Solicitation Number S000000161, BAFO Number 1
 - Prospective Contractor's name
- D. Any BAFO submitted and information derived therefrom **shall** be restricted to those personnel of the Department of Transformation and Shared Services ("TSS") and others, if any, responsible for participating in the evaluation thereof until after evaluation of all such BAFOs is complete and an anticipated award is posted, or the Solicitation is cancelled.
- E. Deliver submissions for this BAFO request to the Office of State Procurement on or before the designated proposal opening date and time. In accordance with Arkansas Procurement Law and Rules, it is the responsibility of Prospective Contractors to submit proposals at the designated location on or before the proposal opening date and time. Proposals received after the designated opening date and time may be considered late and may be returned to the Prospective Contractor without further review. It is not necessary to return "no bids" to OSP.

1.4 ACCEPTANCE OF BAFO MANDATORY REQUIREMENTS

- A. A Prospective Contractor's submission of a BAFO response evidences the Prospective Contractor's representation that the terms, conditions, and requirements of the BAFO request have been considered and accepted by the Prospective Contractor.
- B. A Prospective Contractor's BAFO proposal **shall** be rejected if a Prospective Contractor takes exception to any Requirements in the BAFO Requirements Section(s) of this BAFO Request.
- C. If a Prospective Contractor does not submit a notice of withdrawal or a BAFO, the Proposer's initial proposal will be understood to be the Prospective Contractor's BAFO.

1.5 GENERAL TERMS AND CONDITIONS

- A. This BAFO request incorporates all of the Solicitation Terms and Conditions located on the Office of State Procurement ("OSP") website found at transform.ar.gov.
1. Any special terms and conditions included in this BAFO request **shall** override the Solicitation Terms and Conditions.

1.6 BAFO COST REQUIREMENTS

- A. The Prospective Contractor **shall** submit an updated *S000000161 Cost Workbook* that reflects the BAFO Mandatory Requirements referenced in this BAFO request.
- B. Pricing **shall** conform to the requirement set forth in Section 1.10 and Section 1.11 of RFP S000000161.
- C. The State may conduct cost checks based on the BAFO submitted by each Prospective Contractor.
1. Prospective Contractors submitting a BAFO response with a proposed cost that falls ten percent (10%) or more from the average submitted cost may be asked to discuss and further validate their submitted cost. The State may reject any such BAFO's that lack sufficient indicia of validity or reliability.
 2. Should the State request clarification and/or additional information regarding cost, Prospective Contractors **shall** provide clarification and/or additional information as specified by the request or the State may deem the Prospective Contractor not to be responsible and/or the BAFO not to be responsive.

1.7 EVALUATION

- A. Each BAFO proposal properly submitted in response to this BAFO request will be considered in determining the proposal that is the most advantageous to the State.

- B. To enable fair comparison of competing BAFOs, only pricing submitted using the *S000000161 BAFO Cost Workbook* required as part of this BAFO request will be evaluated. The Technical Score given during the initial technical evaluation will remain unchanged.
- C. The maximum score possible for the cost evaluation is 525 points.
- D. When pricing is opened for scoring, the maximum amount of cost points will be given to the BAFO proposal with the lowest weighted cost as shown in Tables 1 and 2 below. The scoring will be calculated from the *S000000161 BAFO Cost Workbook*, which **shall** evaluate four (4) categories of costs:
1. administrative costs, setting out both administrative and dispensing fees;
 2. dollar amount of claims paid with rebates based on the plan's current formulary. Dollar amounts **shall** be based on historical claims data provided by EBD during RFP S000000161 posting**shall**;
 3. dollar amount of claims paid without rebates based on the Prospective Contractor's proposed formulary. Dollar amounts **shall** be based on historical claims data provided by EBD during RFP S000000161 posting**shall**; and
 4. a calculation of total rebates paid on a list of 25 drugs pre-selected by EBD.
- E. Prospective Contractors **shall** follow the requirements set forth in Section 1.10 and Section 1.11 of RFP S000000161 in arriving at the above calculations.
- F. DISCUSSIONS: To the fullest extent permitted under Arkansas Procurement Law, the State reserves the right to engage in discussions with all responsible offerors whose proposals are reasonably susceptible to being selected for award. Discussions may be used to clarify proposals, the terms of the RFP, this BAFO request, and for negotiation. To safeguard against discussions being used to provide an offeror an unfair competitive advantage a record **shall** be maintained of the date and time of any discussions, if any, the subject and nature of the discussions, and the persons present. There **shall** be no disclosure to any offeror of any information derived from any BAFO by any competing offeror during discussions.

1.8 GRAND TOTAL SCORE

- A. The Technical Score and Cost Score will be added together to determine the Grand Total Score for the proposal. The State may engage in discussions with responsible Prospective Contractors determined reasonably susceptible of being selected for award. Award **shall** be made to the responsible offeror whose proposal is determined in writing to be the most advantageous to the state, taking into consideration price, the evaluation factors set forth in the RFP, any BAFOs submitted, and the results of any discussions conducted with responsible offerors.

Table 1

	MAXIMUM POINTS POSSIBLE
Technical Proposal	475
BAFO Cost Score	525
Maximum Possible Grand Total Score	1,000

Table 2

BAFO COST WORKBOOK
S000000161 Pharmacy Benefits Manager

Prospective Contractor Name:

- Prospective Contractors shall complete all blue-highlighted cells on Tab 2 (BAFO). Cells not shaded in blue will calculate.
- Submitted rates must be guaranteed.
- The plan design to be used for pricing is outlined in the RFP.
- Provide all applicable rates on a per member per month (PMPM) basis where indicated.
- Table A: Provide all administrative costs, setting out both administrative and dispensing fees.
- Table B.1: Provide dollar amount of claims paid with rebates based on the plan's current formulary. Dollar amounts shall be based on historical claims data provided by EBD during RFP S000000161 posting.
- Table B.2: Provide dollar amount of claims paid with rebates based on the Prospective Contractor's proposed formulary. Dollar amounts shall be based on historical claims data provided by EBD during RFP S000000161 posting.
- Table C: Provide a calculation of total rebates paid on a list of 25 drugs pre-selected by EBD.

BAFO Cost Workbook
S000000161 Pharmacy Benefits Manager

TABLE A - Administration (78.75 possible cost points)	Per Member Per Month (PMPM)	X 140,000 members	X 12 months	X 36 months
All-inclusive PMPM Administration Fee		\$ -	\$ -	\$ -
SubTotal Table A				\$ -

TABLE B.1 and TABLE B.2 - Claims Pricing (105 total cost points possible for existing formulary and 183.75 cost points possible for prospective formulary)	Claims repricing cost
B.1 Claims Processed via existing formulary - with rebates included	
B.2 Claims Processed via prospective formulary - with rebates included	
B.1 Claims Processed via existing formulary - without rebates included	
B.2 Claims Processed via prospective formulary - without rebates included	
Subtotal Table B.1	\$ -
Subtotal Table B.2	\$ -

TABLE C - Rebate Pricing (157.5 cost points possible)		Total Rebate
	X 1 quarter	X 12 quarters
25 drugs pre-selected by EBD		\$ -
Subtotal Table C		\$0.00



STATE OF ARKANSAS
DEPARTMENT OF TRANSFORMATION AND SHARED SERVICES
OFFICE OF STATE PROCUREMENT
 501 Woodlane St., Ste. 220
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Request for Best and Final Offer

Solicitation Number: S000000161
 Description: Pharmacy Benefits Manager Services
 Agency: Employee Benefits Division
 BAFO Number: 1
 Issue Date: March 31, 2023
 Submission Deadline: **April 10, 2023 @ 2:00 p.m., CST**

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No exception to mandatory RFP terms will be accepted by the State. If the State accepts any BAFO made in response to this Solicitation, such acceptance **shall** include the Prospective Contractor's response to this BAFO, if any, and any provisions and requirements of the original RFP which have not been superseded by the Prospective Contractor's BAFO and this BAFO request. If a BAFO is accepted, subject to further legislative review and approval by the State Procurement Director, these integrated documents, together with any documented agreement between the Employee Benefits Division ("EBD") and the Prospective Contractor arising from the Solicitation, Proposals, this BAFO request, the BAFO, clarification, negotiation, or other discussion, **shall** then constitute the written agreement between the parties. A final written agreement will be prepared that merges all the material terms of the agreement into an integrated document.

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- Solicitation Number S000000161, BAFO Number 1

EXHIBIT
6

- Prospective Contractor's name
- D. Any BAFO submitted and information derived therefrom **shall** be restricted to those personnel of TSS and others, if any, responsible for participating in the evaluation thereof until after evaluation of all such BAFOs is complete and an anticipated award is posted, or the Solicitation is cancelled.
- E. Deliver submissions for this BAFO request to OSP on or before the designated proposal opening date and time. In accordance with Arkansas Procurement Law and Rules, it is the responsibility of Prospective Contractors to submit proposals at the designated location on or before the proposal opening date and time. BAFOs received after the designated opening date and time will be considered late and will not be subject to further review.

1.4 ACCEPTANCE OF BAFO MANDATORY REQUIREMENTS

- A. A Prospective Contractor's submission of a BAFO response evidences the Prospective Contractor's representation that the terms, conditions, and requirements of the BAFO request have been considered and accepted by the Prospective Contractor.
- B. A Prospective Contractor's BAFO proposal **shall** be rejected if a Prospective Contractor takes exception to any Requirements of this BAFO Request.
- C. If a Prospective Contractor does not submit a notice of withdrawal or a BAFO, the Proposer's initial proposal will be understood to be the Prospective Contractor's BAFO.

1.5 GENERAL TERMS AND CONDITIONS

- A. This BAFO request incorporates all of the *Solicitation Terms and Conditions* located on the OSP website found at transform.ar.gov.
1. Any special terms and conditions included in this BAFO request **shall** override the *Solicitation Terms and Conditions*.

1.6 BAFO COST REQUIREMENTS

- A. The Prospective Contractor **shall** submit an updated *Revised S000000161 BAFO Cost Workbook 4.4.23* that reflects the BAFO Mandatory Requirements referenced in this BAFO request.
- B. Pricing **shall** conform to the requirement set forth in Section 1.10 and Section 1.11 of RFP S000000161.
- C. The State may conduct cost checks based on the BAFO submitted by each Prospective Contractor.
1. Prospective Contractors submitting a BAFO response with a proposed cost that falls ten percent (10%) or more from the average submitted cost may be asked to discuss and further validate their submitted cost. The State may reject any such BAFO's that lack sufficient indicia of validity or reliability.
2. Should the State request clarification and/or additional information regarding cost, Prospective Contractors **shall** provide clarification and/or additional information as specified by the request or the State may deem the Prospective Contractor not to be responsible and/or the BAFO not to be responsive.

1.7 EVALUATION

- A. Each BAFO proposal properly submitted in response to this BAFO request will be considered in determining the proposal that is the most advantageous to the State.
- B. To enable fair comparison of competing BAFOs, only pricing submitted using the *Revised S000000161 BAFO Cost Workbook 4.4.23* required as part of this BAFO request will be evaluated. The Technical Score given during the initial technical evaluation will remain unchanged.
- C. The maximum score possible for the cost evaluation is 525 points.

- D. When pricing is opened for scoring, the maximum amount of cost points will be given to the BAFO proposal with the lowest weighted cost as shown in Tables 1 and 2 below. The scoring will be calculated from the *Revised S000000161 Cost Workbook 4.4.23*, which **shall** evaluate four (4) categories of costs:
 1. All-inclusive PMPM Administration fee;
 2. Dollar amount of claims paid with rebates based on both the plan’s current formulary and the Prospective Contractor’s formulary, respectively. Dollar amounts **shall** be based on historical claims data provided by EBD during RFP S000000161 posting;
 3. Dollar amount of claims paid without rebates based on both the plan’s current formulary and the Prospective Contractor’s proposed formulary, respectively. Dollar amounts **shall** be based on historical claims data provided by EBD during RFP S000000161 posting.; and
 4. A calculation of total rebates paid on a list of 25 drugs pre-selected by EBD.
- E. Prospective Contractors **shall** follow the requirements set forth in Section 1.10 and Section 1.11 of RFP S000000161 in arriving at the above calculations.
- F. DISCUSSIONS: To the fullest extent permitted under Arkansas Procurement Law, the State reserves the right to engage in discussions with all responsible offerors whose proposals are reasonably susceptible to being selected for award. Discussions may be used to clarify proposals, the terms of the RFP, this BAFO request, and for negotiation. To safeguard against discussions being used to provide an offeror an unfair competitive advantage a record **shall** be maintained of the date and time of any discussions, if any, the subject and nature of the discussions, and the persons present. There **shall** be no disclosure to any offeror of any information derived from any BAFO by any competing offeror during discussions.

1.8 GRAND TOTAL SCORE

- A. The Technical Score and Cost Score will be added together to determine the Grand Total Score for the proposal. The State may engage in discussions with responsible Prospective Contractors determined reasonably susceptible of being selected for award. Award **shall** be made to the responsible offeror whose proposal is determined in writing to be the most advantageous to the state, taking into consideration price, the evaluation factors set forth in the RFP, any BAFOs submitted, and the results of any discussions conducted with responsible offerors.

Table 1

	MAXIMUM POINTS POSSIBLE
Technical Proposal	475
BAFO Cost Score	525
Maximum Possible Grand Total Score	1,000

Table 2

BAFO Cost Score Breakdown	TABLE’S WEIGHTED PERCENTAGE	MAXIMUM WEIGHTED SCORE POSSIBLE
Table A: Administration	15%	78.75
Table B.1: Claims Pricing: Existing Formulary	20%	105
Table B.2: Claims Pricing: Proposed Formulary	35%	183.75
Table C: Rebate Pricing	30%	157.5
Total Cost Score	100%	525

From: Brandi Schroeder (OSP)
Date: March 31, 2023 9:34:47 AM (-05)
To: Edward Armstrong; Shannon Halijan; Grant Wallace (EBD); Dakini Fields; Amanda Land; Tanya Freeman (OSP); Anthony Black
Cc: Paris Nielsen
Subject: **RE: S161 BAFO drafts**

Attachments: S000000161 BAFO Request.docx; S000000161 BAFO Cost Workbook Final.xlsx;

Team,

I have attached the final BAFO Request document along with the BAFO Cost Workbook, which includes the third drug sample tab. I added references to the third tab (in red to show my changes) on the first and second tabs. Please review the BAFO Cost Workbook to ensure I labeled the third tab appropriately and made appropriate references.

Thanks to you all!

Brandi Schroeder | Outreach and Policy Manager
Transformation and Shared Services, Office of State Procurement
o. 501.682.4169 | brandi.schroeder@arkansas.gov

From: Edward Armstrong <edward.armstrong@arkansas.gov>
Sent: Friday, March 31, 2023 9:27 AM
To: Shannon Halijan <Shannon.Halijan@arkansas.gov>; Grant Wallace (EBD) <Grant.Wallace@arkansas.gov>; Dakini Fields <Dakini.Fields@arkansas.gov>; Brandi Schroeder (OSP) <brandi.schroeder@arkansas.gov>; Amanda Land <Amanda.Land@arkansas.gov>; Tanya Freeman (OSP) <tanya.freeman@arkansas.gov>; Anthony Black <Anthony.Black@arkansas.gov>
Cc: Paris Nielsen <Paris.Nielsen@arkansas.gov>
Subject: RE: S161 BAFO drafts

EBD BAFO
How unlike cherry blossoms
Yet this too shall pass

From: Shannon Halijan <Shannon.Halijan@arkansas.gov>
Sent: Friday, March 31, 2023 9:25 AM
To: Edward Armstrong <edward.armstrong@arkansas.gov>; Grant Wallace (EBD) <Grant.Wallace@arkansas.gov>; Dakini Fields <Dakini.Fields@arkansas.gov>; Brandi Schroeder (OSP) <brandi.schroeder@arkansas.gov>; Amanda Land <Amanda.Land@arkansas.gov>; Tanya Freeman (OSP) <tanya.freeman@arkansas.gov>; Anthony Black <Anthony.Black@arkansas.gov>
Cc: Paris Nielsen <Paris.Nielsen@arkansas.gov>
Subject: Re: S161 BAFO drafts

And, Ed, I see you writing a haiku.

Get [Outlook for iOS](#)

From: Edward Armstrong <edward.armstrong@arkansas.gov>
Sent: Friday, March 31, 2023 9:23:50 AM
To: Shannon Halijan <Shannon.Halijan@arkansas.gov>; Grant Wallace (EBD) <Grant.Wallace@arkansas.gov>; Dakini Fields <Dakini.Fields@arkansas.gov>; Brandi Schroeder (OSP) <brandi.schroeder@arkansas.gov>; Amanda Land <Amanda.Land@arkansas.gov>; Tanya Freeman (OSP) <tanya.freeman@arkansas.gov>; Anthony Black <Anthony.Black@arkansas.gov>
Cc: Paris Nielsen <Paris.Nielsen@arkansas.gov>
Subject: RE: S161 BAFO drafts

[Laugh Emoji Here]

From: Shannon Halijan <Shannon.Halijan@arkansas.gov>
Sent: Friday, March 31, 2023 9:21 AM
To: Grant Wallace (EBD) <Grant.Wallace@arkansas.gov>; Dakini Fields <Dakini.Fields@arkansas.gov>; Brandi Schroeder (OSP) <brandi.schroeder@arkansas.gov>; Edward Armstrong <edward.armstrong@arkansas.gov>; Amanda Land <Amanda.Land@arkansas.gov>; Tanya Freeman (OSP) <tanya.freeman@arkansas.gov>; Anthony Black <Anthony.Black@arkansas.gov>
Cc: Paris Nielsen <Paris.Nielsen@arkansas.gov>

BAFO006733

EXHIBIT
7

Subject: Re: S161 BAFO drafts

Release the hounds before Grant continues to refer to himself in the third person!

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From: Grant Wallace (EBD) <Grant.Wallace@arkansas.gov>
Sent: Friday, March 31, 2023 9:20:03 AM
To: Dakini Fields <Dakini.Fields@arkansas.gov>; Brandi Schroeder (OSP) <brandi.schroeder@arkansas.gov>; Edward Armstrong <edward.armstrong@arkansas.gov>; Amanda Land <Amanda.Land@arkansas.gov>; Tanya Freeman (OSP) <tanya.freeman@arkansas.gov>; Shannon Halijan <Shannon.Halijan@arkansas.gov>; Anthony Black <Anthony.Black@arkansas.gov>
Cc: Paris Nielsen <Paris.Nielsen@arkansas.gov>
Subject: RE: S161 BAFO drafts

And with that, Director Wallace approves its release.

Thank you all for your diligent work on this!



Grant J. Wallace | Director, Employee Benefits Division
Transformation and Shared Services
o. 501.682.5502 | m. 501.647.7853 | grant.wallace@arkansas.gov
[Website](#) | [Facebook](#) | [Twitter](#) | [LinkedIn](#) | [Instagram](#)

From: Dakini Fields <Dakini.Fields@arkansas.gov>
Sent: Friday, March 31, 2023 9:19 AM
To: Brandi Schroeder (OSP) <brandi.schroeder@arkansas.gov>; Edward Armstrong <edward.armstrong@arkansas.gov>; Amanda Land <Amanda.Land@arkansas.gov>; Grant Wallace (EBD) <Grant.Wallace@arkansas.gov>; Tanya Freeman (OSP) <tanya.freeman@arkansas.gov>; Shannon Halijan <Shannon.Halijan@arkansas.gov>; Anthony Black <Anthony.Black@arkansas.gov>
Cc: Paris Nielsen <Paris.Nielsen@arkansas.gov>
Subject: Re: S161 BAFO drafts

Looks great, thank you all!

Respectfully,

Dakini Fields



Staff Attorney
Transformation and Shared Services, Employee Benefits Division
o. 501.683.5690
dakini.fields@arkansas.gov

EPIC Service

From: Brandi Schroeder (OSP) <brandi.schroeder@arkansas.gov>
Sent: Friday, March 31, 2023 9:10 AM
To: Edward Armstrong <edward.armstrong@arkansas.gov>; Amanda Land <Amanda.Land@arkansas.gov>; Grant Wallace (EBD) <Grant.Wallace@arkansas.gov>; Tanya Freeman (OSP) <tanya.freeman@arkansas.gov>; Dakini Fields <Dakini.Fields@arkansas.gov>; Shannon Halijan <Shannon.Halijan@arkansas.gov>; Anthony Black <Anthony.Black@arkansas.gov>
Cc: Paris Nielsen <Paris.Nielsen@arkansas.gov>
Subject: RE: S161 BAFO drafts

Will you all take a final look at the attached draft while I work on adding the drugs to the cost worksheet? I cleaned up spacing and made a few other non-substantial revisions, but I want to ensure the changes meet your approval.

BAFO006734

Brandi Schroeder | Outreach and Policy Manager
Transformation and Shared Services, Office of State Procurement
o. 501.682.4169 | brandi.schroeder@arkansas.gov

From: Edward Armstrong <edward.armstrong@arkansas.gov>
Sent: Friday, March 31, 2023 9:01 AM
To: Amanda Land <Amanda.Land@arkansas.gov>; Grant Wallace (EBD) <Grant.Wallace@arkansas.gov>; Brandi Schroeder (OSP) <brandi.schroeder@arkansas.gov>; Tanya Freeman (OSP) <tanya.freeman@arkansas.gov>; Dakini Fields <Dakini.Fields@arkansas.gov>; Shannon Halijan <Shannon.Halijan@arkansas.gov>; Anthony Black <Anthony.Black@arkansas.gov>
Cc: Paris Nielsen <Paris.Nielsen@arkansas.gov>
Subject: RE: S161 BAFO drafts

You are the masters of the requirements, we, your humble servants, hear and obey. Any more polishing and this may end up in a museum. Brandi will polish this up and send your way for final approval before releasing into the wild.

Thanks again to EBD for being so responsive. Tanya and Brandi, same to you!

Sincerely,

Ed

From: Amanda Land <Amanda.Land@arkansas.gov>
Sent: Friday, March 31, 2023 8:45 AM
To: Grant Wallace (EBD) <Grant.Wallace@arkansas.gov>; Brandi Schroeder (OSP) <brandi.schroeder@arkansas.gov>; Edward Armstrong <edward.armstrong@arkansas.gov>; Tanya Freeman (OSP) <tanya.freeman@arkansas.gov>; Dakini Fields <Dakini.Fields@arkansas.gov>; Shannon Halijan <Shannon.Halijan@arkansas.gov>; Anthony Black <Anthony.Black@arkansas.gov>
Cc: Paris Nielsen <Paris.Nielsen@arkansas.gov>
Subject: RE: S161 BAFO drafts

We made a few more tweaks, but assuming you're good with them, this should be the final version. Please take a look at 1.7(D), we went in and rejected some deletions OSP made because we want to make sure they give an amount of rebates with our formulary and their formulary in number 2, and same goes for without rebates in number 3.

Can you add the list of 25 drugs as a tab to the workbook?



Amanda Land | Deputy Director
Transformation and Shared Services, Employee Benefits Division
o. 501.682.5142 | amanda.land@arkansas.gov
[Website](#) | [Facebook](#) | [Twitter](#) | [LinkedIn](#) | [Instagram](#)

From: Grant Wallace (EBD) <Grant.Wallace@arkansas.gov>
Sent: Friday, March 31, 2023 8:43 AM
To: Brandi Schroeder (OSP) <brandi.schroeder@arkansas.gov>; Edward Armstrong <edward.armstrong@arkansas.gov>; Tanya Freeman (OSP) <tanya.freeman@arkansas.gov>; Dakini Fields <Dakini.Fields@arkansas.gov>; Amanda Land <Amanda.Land@arkansas.gov>; Shannon Halijan <Shannon.Halijan@arkansas.gov>; Anthony Black <Anthony.Black@arkansas.gov>
Cc: Paris Nielsen <Paris.Nielsen@arkansas.gov>
Subject: RE: S161 BAFO drafts

Here is the list of the 25 drugs. Please include them as a tab on the workbook.



Grant J. Wallace | Director, Employee Benefits Division
Transformation and Shared Services
o. 501.682.5502 | m. 501.647.7853 | grant.wallace@arkansas.gov
[Website](#) | [Facebook](#) | [Twitter](#) | [LinkedIn](#) | [Instagram](#)

From: Brandi Schroeder (OSP) <brandi.schroeder@arkansas.gov>

BAFO006735

Sent: Friday, March 31, 2023 8:28 AM

To: Edward Armstrong <edward.armstrong@arkansas.gov>; Tanya Freeman (OSP) <tanya.freeman@arkansas.gov>; Grant Wallace (EBD) <Grant.Wallace@arkansas.gov>; Dakini Fields <Dakini.Fields@arkansas.gov>; Amanda Land <Amanda.Land@arkansas.gov>; Shannon Halijan <Shannon.Halijan@arkansas.gov>; Anthony Black <Anthony.Black@arkansas.gov>

Cc: Paris Nielsen <Paris.Nielsen@arkansas.gov>

Subject: RE: S161 BAFO drafts

Good morning!

Thanks to you all. I have a quick meeting at 8:30 but then will prepare a final draft for distribution and send for final approval.

Brandi Schroeder | Outreach and Policy Manager
Transformation and Shared Services, Office of State Procurement
o. 501.682.4169 | brandi.schroeder@arkansas.gov

From: Edward Armstrong <edward.armstrong@arkansas.gov>

Sent: Friday, March 31, 2023 8:13 AM

To: Tanya Freeman (OSP) <tanya.freeman@arkansas.gov>; Grant Wallace (EBD) <Grant.Wallace@arkansas.gov>; Dakini Fields <Dakini.Fields@arkansas.gov>; Amanda Land <Amanda.Land@arkansas.gov>; Shannon Halijan <Shannon.Halijan@arkansas.gov>; Anthony Black <Anthony.Black@arkansas.gov>

Cc: Brandi Schroeder (OSP) <brandi.schroeder@arkansas.gov>; Paris Nielsen <Paris.Nielsen@arkansas.gov>

Subject: RE: S161 BAFO drafts

Great work, Tanya, et. al!

1. Good catch.
2. Good change. We can reserve any requests for explanations if the State wants to have any discussions based on the BAFO's submitted.
3. Under the language of the RFP, which still stands except as superseded in this BAFO request, the State had the discretionary right to reject proposals based on exceptions. For good measure, in the attached I have added proposed language in the first part of 1.2 that makes it clear the State has not accepted exceptions to the RFP. The rest of 1.2 clarifies that the acceptance of any BAFO will include the RFP's mandatory terms. The written contract we'll create at the end of this will reflect the final understanding of the parties as to terms of the contract and, through the doctrine of merger, any exceptions they may have submitted will be null and void unless incorporated into the final agreement. This is one of the great things about reducing the agreement to a final contract that clearly spells out the terms of agreement. It will help eliminate uncertainty about what was accepted.
4. I deleted some narrowing language in 1.4 to make it clear that no exceptions would be permitted to any BAFO requirement.

Brandi, unless EBD or TSS General Counsel have any other proposed changes, then I think the attached is in substantially final form once it has been cleaned up and all changes accepted.

Kudos all!

Kind Regards,

Ed

From: Tanya Freeman (OSP) <tanya.freeman@arkansas.gov>

Sent: Thursday, March 30, 2023 7:56 PM

To: Grant Wallace (EBD) <Grant.Wallace@arkansas.gov>; Dakini Fields <Dakini.Fields@arkansas.gov>; Amanda Land <Amanda.Land@arkansas.gov>; Edward Armstrong <edward.armstrong@arkansas.gov>; Shannon Halijan <Shannon.Halijan@arkansas.gov>; Anthony Black <Anthony.Black@arkansas.gov>

Cc: Brandi Schroeder (OSP) <brandi.schroeder@arkansas.gov>

Subject: S161 BAFO drafts

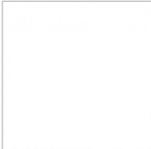
Team-

BAFO006736

Please see the attached drafts that are pretty close to finalized. I found a couple of outstanding items while working through the language:

1. Do we have a list of the 25 drugs? Can we include them as a Tab 3 on the cost workbook? Or should they be a separate attachment?
2. I changed the language around Table B. It was previously asking for an explanation..but we have the cost workbook set for dollar amounts. I would suggest sticking with the dollar amounts so we avoid subjective scoring.
3. I don't see any language that actually says they won't have exceptions to the requirements of the RFP. My only concern is that they will submit pricing with the assumption that their previously submitted exceptions still hold.

Thank you and as always, feedback is welcome!



Tanya Freeman | Statewide Procurement Manager
Transformation and Shared Services | Office of State Procurement
o. 501.682.4140 | c. 501.425.4522 | tanya.freeman@arkansas.gov
[Website](#) | [Facebook](#) | [Twitter](#) | [LinkedIn](#) | [Instagram](#)



STATE OF ARKANSAS
DEPARTMENT OF TRANSFORMATION AND SHARED SERVICES
OFFICE OF STATE PROCUREMENT
501 Woodlane St., Ste. 220
Little Rock, Arkansas 72201-1023

Request for Best and Final Offer

Solicitation Number: S000000161
Description: Pharmacy Benefits Manager Services
Agency: Employee Benefits Division
BAFO Number: 1
Issue Date: March 31, 2023
Submission Deadline: April 7, 2023 @ 2:00 p.m., CST

1.1 NOTICE TO PROSPECTIVE CONTRACTORS

The State of Arkansas requests a Best and Final Offer (BAFO), subject to the terms, conditions, and requirements hereof, from each offeror who submitted proposals in response to Solicitation Number S000000161 (the "Solicitation" or the "RFP"). Each such offeror, referred to herein as a Prospective Contractor, may submit a BAFO for the services described in the Solicitation prior to April 7, 2023, at 2:00 p.m., CST. Prospective Contractors are not required to submit a BAFO proposal and may submit a written response stating that their response remains as originally submitted. The State reserves the right to reject such responses and limit further evaluation to BAFOs responsive to this BAFO request if the cost or pricing data the Prospective Contractor originally submitted was not consistent with the RFP's mandatory requirements.

1.2 ACCEPTANCE OF OFFER

No exception to mandatory RFP terms will be accepted by the State. If the State accepts any BAFO made in response to this Solicitation, such acceptance **shall** include the Prospective Contractor's response to this BAFO, if any, and any provisions and requirements of the original RFP which have not been superseded by the Prospective Contractor's BAFO and this BAFO request. If a BAFO is accepted, subject to further legislative review and approval by the State Procurement Director, these integrated documents, together with any documented agreement between the Employee Benefits Division ("EBD") and the Prospective Contractor arising from the Solicitation, Proposals, this BAFO request, the BAFO, clarification, negotiation, or other discussion, **shall** then constitute the written agreement between the parties. A final written agreement will be prepared that merges all the material terms of the agreement into an integrated document.

1.3 PROPOSAL DELIVERY AND SUBMISSION INSTRUCTIONS

A. This request is for the BAFO from the Prospective Contractors for Pharmacy Benefits Manager Services. Submissions for this BAFO **must** be delivered to the Department of Transformation and Shared Services ("TSS") Office of State Procurement ("OSP") address below:

TSS Office of State Procurement
501 Woodlane St., Ste. 220
Little Rock, Arkansas 72201-1023

B. Delivery providers, USPS, UPS, and FedEx deliver mail to OSP's street address on a schedule determined by each individual provider. These providers will deliver to OSP based solely on the street address. **Prospective Contractors assume all risk for timely, properly submitted deliveries.**

C. Prospective Contractors **shall** seal outer packaging and properly mark with the following information. If outer packaging of proposal submission is not properly marked, the package may be opened for proposal identification purposes.

- Solicitation Number S000000161, BAFO Number 1

- Prospective Contractor's name
- D. Any BAFO submitted and information derived therefrom **shall** be restricted to those personnel of TSS and others, if any, responsible for participating in the evaluation thereof until after evaluation of all such BAFOs is complete and an anticipated award is posted, or the Solicitation is cancelled.
- E. Deliver submissions for this BAFO request to OSP on or before the designated proposal opening date and time. In accordance with Arkansas Procurement Law and Rules, it is the responsibility of Prospective Contractors to submit proposals at the designated location on or before the proposal opening date and time. BAFOs received after the designated opening date and time will be considered late and will not be subject to further review.

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- A. A Prospective Contractor's submission of a BAFO response evidences the Prospective Contractor's representation that the terms, conditions, and requirements of the BAFO request have been considered and accepted by the Prospective Contractor.
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- A. This BAFO request incorporates all of the *Solicitation Terms and Conditions* located on the OSP website found at transform.ar.gov.
1. Any special terms and conditions included in this BAFO request **shall** override the *Solicitation Terms and Conditions*.

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- A. The Prospective Contractor **shall** submit an updated *S000000161 Cost Workbook* that reflects the BAFO Mandatory Requirements referenced in this BAFO request.
- B. Pricing **shall** conform to the requirement set forth in Section 1.10 and Section 1.11 of RFP S000000161.
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1. Prospective Contractors submitting a BAFO response with a proposed cost that falls ten percent (10%) or more from the average submitted cost may be asked to discuss and further validate their submitted cost. The State may reject any such BAFO's that lack sufficient indicia of validity or reliability.
 2. Should the State request clarification and/or additional information regarding cost, Prospective Contractors **shall** provide clarification and/or additional information as specified by the request or the State may deem the Prospective Contractor not to be responsible and/or the BAFO not to be responsive.

1.7 EVALUATION

- A. Each BAFO proposal properly submitted in response to this BAFO request will be considered in determining the proposal that is the most advantageous to the State.
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- C. The maximum score possible for the cost evaluation is 525 points.

- D. When pricing is opened for scoring, the maximum amount of cost points will be given to the BAFO proposal with the lowest weighted cost as shown in Tables 1 and 2 below. The scoring will be calculated from the *S000000161 BAFO Cost Workbook*, which **shall** evaluate four (4) categories of costs:
1. All-inclusive PMPM Administration fee;
 2. Dollar amount of claims paid with rebates based on both the plan's current formulary and the Prospective Contractor's formulary, respectively. Dollar amounts **shall** be based on historical claims data provided by EBD during RFP S000000161 posting;
 3. Dollar amount of claims paid without rebates based on both the plan's current formulary and the Prospective Contractor's proposed formulary, respectively. Dollar amounts **shall** be based on historical claims data provided by EBD during RFP S000000161 posting.; and
 4. A calculation of total rebates paid on a list of 25 drugs pre-selected by EBD.
- E. Prospective Contractors **shall** follow the requirements set forth in Section 1.10 and Section 1.11 of RFP S000000161 in arriving at the above calculations.
- F. DISCUSSIONS: To the fullest extent permitted under Arkansas Procurement Law, the State reserves the right to engage in discussions with all responsible offerors whose proposals are reasonably susceptible to being selected for award. Discussions may be used to clarify proposals, the terms of the RFP, this BAFO request, and for negotiation. To safeguard against discussions being used to provide an offeror an unfair competitive advantage a record **shall** be maintained of the date and time of any discussions, if any, the subject and nature of the discussions, and the persons present. There **shall** be no disclosure to any offeror of any information derived from any BAFO by any competing offeror during discussions.

1.8 GRAND TOTAL SCORE

- A. The Technical Score and Cost Score will be added together to determine the Grand Total Score for the proposal. The State may engage in discussions with responsible Prospective Contractors determined reasonably susceptible of being selected for award. Award **shall** be made to the responsible offeror whose proposal is determined in writing to be the most advantageous to the state, taking into consideration price, the evaluation factors set forth in the RFP, any BAFOs submitted, and the results of any discussions conducted with responsible offerors.

Table 1

	MAXIMUM POINTS POSSIBLE
Technical Proposal	475
BAFO Cost Score	525
Maximum Possible Grand Total Score	1,000

Table 2

BAFO Cost Score Breakdown	TABLE'S WEIGHTED PERCENTAGE	MAXIMUM WEIGHTED SCORE POSSIBLE
Table A: Administration	15%	78.75
Table B.1: Claims Pricing: Existing Formulary	20%	105
Table B.2: Claims Pricing: Proposed Formulary	35%	183.75
Table C: Rebate Pricing	30%	157.5
Total Cost Score	100%	525

BAFO COST WORKBOOK
S000000161 Pharmacy Benefits Manager

Prospective Contractor Name:

- Prospective Contractors shall complete all blue-highlighted cells on Tab 2 (BAFO). Cells not shaded in blue will calculate.
- Submitted rates must be guaranteed.
- The plan design to be used for pricing is outlined in the RFP.
- Provide all applicable rates on a per member per month (PMPM) basis where indicated.
- Table A: Provide all administrative costs, setting out both administrative and dispensing fees.
- Table B.1: Provide dollar amount of claims paid with rebates based on the plan's current formulary. Dollar amounts shall be based on historical claims data provided by EBD during RFP S000000161 posting.
- Table B.2: Provide dollar amount of claims paid with rebates based on the Prospective Contractor's proposed formulary. Dollar amounts shall be based on historical claims data provided by EBD during RFP S000000161 posting.
- Table C: Provide a calculation of total rebates paid on a list of 25 drugs pre-selected by EBD (*see **Rebated Drug Sample tab***).

BAFO Cost Workbook
S000000161 Pharmacy Benefits Manager

TABLE A - Administration (78.75 possible cost points)	Per Member Per Month (PMPM)	X 140,000 members	X 12 months	X 36 months
All-inclusive PMPM Administration Fee		\$ -	\$ -	\$ -
Subtotal Table A				\$ -

TABLE B.1 and TABLE B.2 - Claims Pricing (105 total cost points possible for existing formulary and 183.75 cost points possible for prospective formulary)	Claims repricing cost
B.1 Claims Processed via existing formulary - with rebates included	
B.2 Claims Processed via prospective formulary - with rebates included	
B.1 Claims Processed via existing formulary - without rebates included	
B.2 Claims Processed via prospective formulary - without rebates included	
Subtotal Table B.1	\$ -
Subtotal Table B.2	\$ -

TABLE C - Rebate Pricing (157.5 cost points possible)	Total Rebate	
	X 1 quarter	X 12 quarters
25 drugs pre-selected by EBD (see <i>Rebated Drug Sample</i> tab)		\$ -
Subtotal Table C		\$ -

25 Commonly Rebated Drugs from Historical Claims

- 1 Jardiance
- 2 Ozempic
- 3 Trulicity
- 4 Victoza
- 5 Eliquis
- 6 Xarelto
- 7 Emgality
- 8 Aimovig
- 9 Nurtec
- 10 Dulera
- 11 Symbicort
- 12 Synjardy
- 13 Cequa
- 14 Linzess
- 15 ProAir
- 16 Breztri
- 17 Spiriva
- 18 Stiolto
- 19 Norditropin
- 20 Enbrel (specialty)
- 21 Humira (specialty)
- 22 Rinvoq (specialty)
- 23 Skyrizi (specialty)
- 24 Taltz (specialty)
- 25 Olumiant (specialty)

From: Grant Wallace (EBD)
Date: March 31, 2023 9:54:55 AM (-05)
To: Shannon Halijan; Dakini Fields; Amanda Land; Brandi Schroeder (OSP); Edward Armstrong; Tanya Freeman (OSP); Anthony Black
Cc: Paris Nielsen
Subject: **RE: S161 BAFO drafts**

Attachments: S000000161 BAFO Cost Workbook Final-GW Edit.xlsx;

My edits are attached. I made edits on the instruction tab in red to make sure we are consistent with BAFO, the calculation tab and instruction tab. Also, I updated the formula on the BAFO tab in section B to calculate the difference in the values of without rebates and with rebates, so we are getting a measure of the "true" rebate amount. I am not sure if that will impact the scoring formula, so someone will need to double check.

If everyone signs off on my edits, then I think we are good to release everything.

-Grant



Grant J. Wallace | Director, Employee Benefits Division
Transformation and Shared Services
o. 501.682.5502 | m. 501.647.7853 | grant.wallace@arkansas.gov
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From: Shannon Halijan <Shannon.Halijan@arkansas.gov>
Sent: Friday, March 31, 2023 9:45 AM
To: Dakini Fields <Dakini.Fields@arkansas.gov>; Amanda Land <Amanda.Land@arkansas.gov>; Brandi Schroeder (OSP) <brandi.schroeder@arkansas.gov>; Edward Armstrong <edward.armstrong@arkansas.gov>; Grant Wallace (EBD) <Grant.Wallace@arkansas.gov>; Tanya Freeman (OSP) <tanya.freeman@arkansas.gov>; Anthony Black <Anthony.Black@arkansas.gov>
Cc: Paris Nielsen <Paris.Nielsen@arkansas.gov>
Subject: Re: S161 BAFO drafts

Good on my end!

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From: Dakini Fields <Dakini.Fields@arkansas.gov>
Sent: Friday, March 31, 2023 9:43:34 AM
To: Amanda Land <Amanda.Land@arkansas.gov>; Brandi Schroeder (OSP) <brandi.schroeder@arkansas.gov>; Edward Armstrong <edward.armstrong@arkansas.gov>; Shannon Halijan <Shannon.Halijan@arkansas.gov>; Grant Wallace (EBD) <Grant.Wallace@arkansas.gov>; Tanya Freeman (OSP) <tanya.freeman@arkansas.gov>; Anthony Black <Anthony.Black@arkansas.gov>
Cc: Paris Nielsen <Paris.Nielsen@arkansas.gov>
Subject: Re: S161 BAFO drafts

Went over it with Oktawia one more time and we are all good here too. Thank you!

BAFO006774

EXHIBIT

8

Respectfully,



Dakini Fields

Staff Attorney

Transformation and Shared Services, Employee Benefits Division

o. 501.683.5690

dakini.fields@arkansas.gov

EPIC Service

From: Amanda Land <Amanda.Land@arkansas.gov>
Sent: Friday, March 31, 2023 9:37 AM
To: Brandi Schroeder (OSP) <brandi.schroeder@arkansas.gov>; Edward Armstrong <edward.armstrong@arkansas.gov>; Shannon Halijan <Shannon.Halijan@arkansas.gov>; Grant Wallace (EBD) <Grant.Wallace@arkansas.gov>; Dakini Fields <Dakini.Fields@arkansas.gov>; Tanya Freeman (OSP) <tanya.freeman@arkansas.gov>; Anthony Black <Anthony.Black@arkansas.gov>
Cc: Paris Nielsen <Paris.Nielsen@arkansas.gov>
Subject: RE: S161 BAFO drafts

Good with me



Amanda Land | Deputy Director
Transformation and Shared Services, Employee Benefits Division
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From: Brandi Schroeder (OSP) <brandi.schroeder@arkansas.gov>
Sent: Friday, March 31, 2023 9:35 AM
To: Edward Armstrong <edward.armstrong@arkansas.gov>; Shannon Halijan <Shannon.Halijan@arkansas.gov>; Grant Wallace (EBD) <Grant.Wallace@arkansas.gov>; Dakini Fields <Dakini.Fields@arkansas.gov>; Amanda Land <Amanda.Land@arkansas.gov>; Tanya Freeman (OSP) <tanya.freeman@arkansas.gov>; Anthony Black <Anthony.Black@arkansas.gov>
Cc: Paris Nielsen <Paris.Nielsen@arkansas.gov>
Subject: RE: S161 BAFO drafts

Team,

I have attached the final BAFO Request document along with the BAFO Cost Workbook, which includes the third drug sample tab. I added references to the third tab (in red to show my changes) on the first and second tabs. Please review the BAFO Cost Workbook to ensure I labeled the third tab appropriately and made appropriate references.

Thanks to you all!

Brandi Schroeder | Outreach and Policy Manager
Transformation and Shared Services, Office of State Procurement
o. 501.682.4169 | brandi.schroeder@arkansas.gov

From: Edward Armstrong <edward.armstrong@arkansas.gov>
Sent: Friday, March 31, 2023 9:27 AM
To: Shannon Halijan <Shannon.Halijan@arkansas.gov>; Grant Wallace (EBD) <Grant.Wallace@arkansas.gov>; Dakini Fields <Dakini.Fields@arkansas.gov>; Brandi Schroeder (OSP) <brandi.schroeder@arkansas.gov>; Amanda Land <Amanda.Land@arkansas.gov>; Tanya Freeman (OSP) <tanya.freeman@arkansas.gov>; Anthony Black <Anthony.Black@arkansas.gov>
Cc: Paris Nielsen <Paris.Nielsen@arkansas.gov>
Subject: RE: S161 BAFO drafts

BAFO006775

EBD BAFO
How unlike cherry blossoms
Yet this too shall pass

From: Shannon Halijan <Shannon.Halijan@arkansas.gov>
Sent: Friday, March 31, 2023 9:25 AM
To: Edward Armstrong <edward.armstrong@arkansas.gov>; Grant Wallace (EBD) <Grant.Wallace@arkansas.gov>; Dakini Fields <Dakini.Fields@arkansas.gov>; Brandi Schroeder (OSP) <brandi.schroeder@arkansas.gov>; Amanda Land <Amanda.Land@arkansas.gov>; Tanya Freeman (OSP) <tanya.freeman@arkansas.gov>; Anthony Black <Anthony.Black@arkansas.gov>
Cc: Paris Nielsen <Paris.Nielsen@arkansas.gov>
Subject: Re: S161 BAFO drafts

And, Ed, I see you writing a haiku.

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From: Edward Armstrong <edward.armstrong@arkansas.gov>
Sent: Friday, March 31, 2023 9:23:50 AM
To: Shannon Halijan <Shannon.Halijan@arkansas.gov>; Grant Wallace (EBD) <Grant.Wallace@arkansas.gov>; Dakini Fields <Dakini.Fields@arkansas.gov>; Brandi Schroeder (OSP) <brandi.schroeder@arkansas.gov>; Amanda Land <Amanda.Land@arkansas.gov>; Tanya Freeman (OSP) <tanya.freeman@arkansas.gov>; Anthony Black <Anthony.Black@arkansas.gov>
Cc: Paris Nielsen <Paris.Nielsen@arkansas.gov>
Subject: RE: S161 BAFO drafts

[Laugh Emoji Here]

From: Shannon Halijan <Shannon.Halijan@arkansas.gov>
Sent: Friday, March 31, 2023 9:21 AM
To: Grant Wallace (EBD) <Grant.Wallace@arkansas.gov>; Dakini Fields <Dakini.Fields@arkansas.gov>; Brandi Schroeder (OSP) <brandi.schroeder@arkansas.gov>; Edward Armstrong <edward.armstrong@arkansas.gov>; Amanda Land <Amanda.Land@arkansas.gov>; Tanya Freeman (OSP) <tanya.freeman@arkansas.gov>; Anthony Black <Anthony.Black@arkansas.gov>
Cc: Paris Nielsen <Paris.Nielsen@arkansas.gov>
Subject: Re: S161 BAFO drafts

Release the hounds before Grant continues to refer to himself in the third person!

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From: Grant Wallace (EBD) <Grant.Wallace@arkansas.gov>
Sent: Friday, March 31, 2023 9:20:03 AM
To: Dakini Fields <Dakini.Fields@arkansas.gov>; Brandi Schroeder (OSP) <brandi.schroeder@arkansas.gov>; Edward Armstrong <edward.armstrong@arkansas.gov>; Amanda Land <Amanda.Land@arkansas.gov>; Tanya Freeman (OSP) <tanya.freeman@arkansas.gov>; Shannon Halijan <Shannon.Halijan@arkansas.gov>; Anthony Black <Anthony.Black@arkansas.gov>
Cc: Paris Nielsen <Paris.Nielsen@arkansas.gov>
Subject: RE: S161 BAFO drafts

And with that, Director Wallace approves its release.

Thank you all for your diligent work on this!



Grant J. Wallace | Director, Employee Benefits Division
Transformation and Shared Services
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From: Dakini Fields <Dakini.Fields@arkansas.gov>
Sent: Friday, March 31, 2023 9:19 AM
To: Brandi Schroeder (OSP) <brandi.schroeder@arkansas.gov>; Edward Armstrong <edward.armstrong@arkansas.gov>; Amanda Land <Amanda.Land@arkansas.gov>; Grant Wallace (EBD) <Grant.Wallace@arkansas.gov>; Tanya Freeman (OSP) <tanya.freeman@arkansas.gov>; Shannon Halijan <Shannon.Halijan@arkansas.gov>; Anthony Black <Anthony.Black@arkansas.gov>
Cc: Paris Nielsen <Paris.Nielsen@arkansas.gov>

BAFO006776

Subject: Re: S161 BAFO drafts

Looks great, thank you all!

Respectfully,

Dakini Fields



Staff Attorney

Transformation and Shared Services, Employee Benefits Division

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dakini.fields@arkansas.gov

EPIC Service

From: Brandi Schroeder (OSP) <brandi.schroeder@arkansas.gov>
Sent: Friday, March 31, 2023 9:10 AM
To: Edward Armstrong <edward.armstrong@arkansas.gov>; Amanda Land <Amanda.Land@arkansas.gov>; Grant Wallace (EBD) <Grant.Wallace@arkansas.gov>; Tanya Freeman (OSP) <tanya.freeman@arkansas.gov>; Dakini Fields <Dakini.Fields@arkansas.gov>; Shannon Halijan <Shannon.Halijan@arkansas.gov>; Anthony Black <Anthony.Black@arkansas.gov>
Cc: Paris Nielsen <Paris.Nielsen@arkansas.gov>
Subject: RE: S161 BAFO drafts

Will you all take a final look at the attached draft while I work on adding the drugs to the cost worksheet? I cleaned up spacing and made a few other non-substantial revisions, but I want to ensure the changes meet your approval.

Brandi Schroeder | Outreach and Policy Manager
Transformation and Shared Services, Office of State Procurement
o. 501.682.4169 | brandi.schroeder@arkansas.gov

From: Edward Armstrong <edward.armstrong@arkansas.gov>
Sent: Friday, March 31, 2023 9:01 AM
To: Amanda Land <Amanda.Land@arkansas.gov>; Grant Wallace (EBD) <Grant.Wallace@arkansas.gov>; Brandi Schroeder (OSP) <brandi.schroeder@arkansas.gov>; Tanya Freeman (OSP) <tanya.freeman@arkansas.gov>; Dakini Fields <Dakini.Fields@arkansas.gov>; Shannon Halijan <Shannon.Halijan@arkansas.gov>; Anthony Black <Anthony.Black@arkansas.gov>
Cc: Paris Nielsen <Paris.Nielsen@arkansas.gov>
Subject: RE: S161 BAFO drafts

You are the masters of the requirements, we, your humble servants, hear and obey. Any more polishing and this may end up in a museum. Brandi will polish this up and send your way for final approval before releasing into the wild.

Thanks again to EBD for being so responsive. Tanya and Brandi, same to you!

Sincerely,

Ed

From: Amanda Land <Amanda.Land@arkansas.gov>
Sent: Friday, March 31, 2023 8:45 AM
To: Grant Wallace (EBD) <Grant.Wallace@arkansas.gov>; Brandi Schroeder (OSP) <brandi.schroeder@arkansas.gov>; Edward Armstrong <edward.armstrong@arkansas.gov>; Tanya Freeman (OSP) <tanya.freeman@arkansas.gov>; Dakini Fields <Dakini.Fields@arkansas.gov>; Shannon Halijan <Shannon.Halijan@arkansas.gov>; Anthony Black <Anthony.Black@arkansas.gov>
Cc: Paris Nielsen <Paris.Nielsen@arkansas.gov>
Subject: RE: S161 BAFO drafts

We made a few more tweaks, but assuming you're good with them, this should be the final version. Please take a look at 1.7(D), we went in and rejected some deletions OSP made because we want to make sure they give an amount of rebates with our formulary and their

BAFO006777

formulary in number 2, and same goes for without rebates in number 3.

Can you add the list of 25 drugs as a tab to the workbook?



Amanda Land | Deputy Director
Transformation and Shared Services, Employee Benefits Division
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From: Grant Wallace (EBD) <Grant.Wallace@arkansas.gov>
Sent: Friday, March 31, 2023 8:43 AM
To: Brandi Schroeder (OSP) <brandi.schroeder@arkansas.gov>; Edward Armstrong <edward.armstrong@arkansas.gov>; Tanya Freeman (OSP) <tanya.freeman@arkansas.gov>; Dakini Fields <Dakini.Fields@arkansas.gov>; Amanda Land <Amanda.Land@arkansas.gov>; Shannon Halijan <Shannon.Halijan@arkansas.gov>; Anthony Black <Anthony.Black@arkansas.gov>
Cc: Paris Nielsen <Paris.Nielsen@arkansas.gov>
Subject: RE: S161 BAFO drafts

Here is the list of the 25 drugs. Please include them as a tab on the workbook.



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From: Brandi Schroeder (OSP) <brandi.schroeder@arkansas.gov>
Sent: Friday, March 31, 2023 8:28 AM
To: Edward Armstrong <edward.armstrong@arkansas.gov>; Tanya Freeman (OSP) <tanya.freeman@arkansas.gov>; Grant Wallace (EBD) <Grant.Wallace@arkansas.gov>; Dakini Fields <Dakini.Fields@arkansas.gov>; Amanda Land <Amanda.Land@arkansas.gov>; Shannon Halijan <Shannon.Halijan@arkansas.gov>; Anthony Black <Anthony.Black@arkansas.gov>
Cc: Paris Nielsen <Paris.Nielsen@arkansas.gov>
Subject: RE: S161 BAFO drafts

Good morning!

Thanks to you all. I have a quick meeting at 8:30 but then will prepare a final draft for distribution and send for final approval.

Brandi Schroeder | Outreach and Policy Manager
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From: Edward Armstrong <edward.armstrong@arkansas.gov>
Sent: Friday, March 31, 2023 8:13 AM
To: Tanya Freeman (OSP) <tanya.freeman@arkansas.gov>; Grant Wallace (EBD) <Grant.Wallace@arkansas.gov>; Dakini Fields <Dakini.Fields@arkansas.gov>; Amanda Land <Amanda.Land@arkansas.gov>; Shannon Halijan <Shannon.Halijan@arkansas.gov>; Anthony Black <Anthony.Black@arkansas.gov>
Cc: Brandi Schroeder (OSP) <brandi.schroeder@arkansas.gov>; Paris Nielsen <Paris.Nielsen@arkansas.gov>
Subject: RE: S161 BAFO drafts

Great work, Tanya, et. al!

1. Good catch.
2. Good change. We can reserve any requests for explanations if the State wants to have any discussions based on the BAFO's submitted.
3. Under the language of the RFP, which still stands except as superseded in this BAFO request, the State had the discretionary right to reject proposals based on exceptions. For good measure, in the attached I have added

BAFO006778

proposed language in the first part of 1.2 that makes it clear the State has not accepted exceptions to the RFP. The rest of 1.2 clarifies that the acceptance of any BAFO will include the RFP's mandatory terms. The written contract we'll create at the end of this will reflect the final understanding of the parties as to terms of the contract and, through the doctrine of merger, any exceptions they may have submitted will be null and void unless incorporated into the final agreement. This is one of the great things about reducing the agreement to a final contract that clearly spells out the terms of agreement. It will help eliminate uncertainty about what was accepted.

4. I deleted some narrowing language in 1.4 to make it clear that no exceptions would be permitted to any BAFO requirement.

Brandi, unless EBD or TSS General Counsel have any other proposed changes, then I think the attached is in substantially final form once it has been cleaned up and all changes accepted.

Kudos all!

Kind Regards,

Ed

From: Tanya Freeman (OSP) <tanya.freeman@arkansas.gov>
Sent: Thursday, March 30, 2023 7:56 PM
To: Grant Wallace (EBD) <Grant.Wallace@arkansas.gov>; Dakini Fields <Dakini.Fields@arkansas.gov>; Amanda Land <Amanda.Land@arkansas.gov>; Edward Armstrong <edward.armstrong@arkansas.gov>; Shannon Halijan <Shannon.Halijan@arkansas.gov>; Anthony Black <Anthony.Black@arkansas.gov>
Cc: Brandi Schroeder (OSP) <brandi.schroeder@arkansas.gov>
Subject: S161 BAFO drafts

Team-

Please see the attached drafts that are pretty close to finalized. I found a couple of outstanding items while working through the language:

1. Do we have a list of the 25 drugs? Can we include them as a Tab 3 on the cost workbook? Or should they be a separate attachment?
2. I changed the language around Table B. It was previously asking for an explanation..but we have the cost workbook set for dollar amounts. I would suggest sticking with the dollar amounts so we avoid subjective scoring.
3. I don't see any language that actually says they won't have exceptions to the requirements of the RFP. My only concern is that they will submit pricing with the assumption that their previously submitted exceptions still hold.

Thank you and as always, feedback is welcome!



Tanya Freeman | Statewide Procurement Manager
Transformation and Shared Services | Office of State Procurement
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BAFO006779

BAFO COST WORKBOOK
S000000161 Pharmacy Benefits Manager

Prospective Contractor Name:

- Prospective Contractors shall complete all blue-highlighted cells on Tab 2 (BAFO). Cells not shaded in blue will calculate.
- Submitted rates must be guaranteed.
- The plan design to be used for pricing is outlined in the RFP.
- Provide all applicable rates on a per member per month (PMPM) basis where indicated.
- Table A: Provide **an all-inclusive PMPM administrative fee.**

- Table B.1: Provide dollar amount of claims paid with rebates based on **both** the plan's current formulary **and the Prospective Contractor's formulary**. Dollar amounts shall be based on historical claims data provided by EBD during RFP S000000161 posting.
- Table B.2: Provide dollar amount of claims paid with **out** rebates based on **both the plans's current formulary and** the Prospective Contractor's proposed formulary. Dollar amounts shall be based on historical claims data provided by EBD during RFP S000000161 posting.
- Table C: Provide a calculation of total rebates paid on a list of 25 drugs pre-selected by EBD (*see Rebated Drug Sample tab*).

BAFO Cost Workbook
S000000161 Pharmacy Benefits Manager

TABLE A - Administration (78.75 possible cost points)	Per Member Per Month (PMPM)	X 140,000 members	X 12 months	X 36 months
All-inclusive PMPM Administration Fee		\$ -	\$ -	\$ -
Subtotal Table A				\$ -

TABLE B.1 and TABLE B.2 - Claims Pricing (105 total cost points possible for existing formulary and 183.75 cost points possible for prospective formulary)	Claims repricing cost
B.1 Claims Processed via existing formulary - with rebates included	
B.2 Claims Processed via prospective formulary - with rebates included	
B.1 Claims Processed via existing formulary - without rebates included	
B.2 Claims Processed via prospective formulary - without rebates included	
Subtotal Table B.1	\$ -
Subtotal Table B.2	\$ -

TABLE C - Rebate Pricing (157.5 cost points possible)	Total Rebate	
	X 1 quarter	X 12 quarters
25 drugs pre-selected by EBD (see <i>Rebated Drug Sample</i> tab)		\$ -
Subtotal Table C		\$ -

25 Commonly Rebated Drugs from Historical Claims

- 1 Jardiance
- 2 Ozempic
- 3 Trulicity
- 4 Victoza
- 5 Eliquis
- 6 Xarelto
- 7 Emgality
- 8 Aimovig
- 9 Nurtec
- 10 Dulera
- 11 Symbicort
- 12 Synjardy
- 13 Cequa
- 14 Linzess
- 15 ProAir
- 16 Breztri
- 17 Spiriva
- 18 Stiolto
- 19 Norditropin
- 20 Enbrel (specialty)
- 21 Humira (specialty)
- 22 Rinvoq (specialty)
- 23 Skyrizi (specialty)
- 24 Taltz (specialty)
- 25 Olumiant (specialty)

From: Brandi Schroeder (OSP)
Date: March 31, 2023 11:07:25 AM (-05)
To: Tanya Freeman (OSP)
Bcc: jsedillo@elixirsolutions.com; judy.paslaski@medimpact.com; gary.hattendorf@navitus.com; burt.schmidt@optum.com; Burns3@magellanhealth.com
Subject: **Arkansas S000000161 Pharmacy Benefits Manager | BAFO Request**
Attachments: S000000161 BAFO Request.pdf; S000000161 BAFO Cost Workbook.xlsx;

Good morning,

The State of Arkansas requests a Best and Final Offer (BAFO) from each offeror who submitted proposals in response to Solicitation Number S000000161. Each such offeror may submit a BAFO for the services described in the Solicitation prior to April 7, 2023, at 2:00 p.m., CST.

See the attached files for all terms, conditions, and requirements of the BAFO Request. Tanya Freeman, the Procurement Specialist for this procurement, is currently out of the office. Please contact me if you have any questions about this BAFO Request.

Thank you,



Brandi Schroeder | Outreach and Policy Manager
Transformation and Shared Services, Office of State Procurement
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[Website](#) | [Facebook](#) | [Twitter](#) | [LinkedIn](#) | [Instagram](#)

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BAFO006800

EXHIBIT
9



STATE OF ARKANSAS
DEPARTMENT OF TRANSFORMATION AND SHARED SERVICES
OFFICE OF STATE PROCUREMENT
501 Woodlane St., Ste. 220
Little Rock, Arkansas 72201-1023

Request for Best and Final Offer

Solicitation Number: S000000161
Description: Pharmacy Benefits Manager Services
Agency: Employee Benefits Division
BAFO Number: 1
Issue Date: March 31, 2023
Submission Deadline: April 7, 2023 @ 2:00 p.m., CST

1.1 NOTICE TO PROSPECTIVE CONTRACTORS

The State of Arkansas requests a Best and Final Offer (BAFO), subject to the terms, conditions, and requirements hereof, from each offeror who submitted proposals in response to Solicitation Number S000000161 (the "Solicitation" or the "RFP"). Each such offeror, referred to herein as a Prospective Contractor, may submit a BAFO for the services described in the Solicitation prior to April 7, 2023, at 2:00 p.m., CST. Prospective Contractors are not required to submit a BAFO proposal and may submit a written response stating that their response remains as originally submitted. The State reserves the right to reject such responses and limit further evaluation to BAFOs responsive to this BAFO request if the cost or pricing data the Prospective Contractor originally submitted was not consistent with the RFP's mandatory requirements.

1.2 ACCEPTANCE OF OFFER

No exception to mandatory RFP terms will be accepted by the State. If the State accepts any BAFO made in response to this Solicitation, such acceptance **shall** include the Prospective Contractor's response to this BAFO, if any, and any provisions and requirements of the original RFP which have not been superseded by the Prospective Contractor's BAFO and this BAFO request. If a BAFO is accepted, subject to further legislative review and approval by the State Procurement Director, these integrated documents, together with any documented agreement between the Employee Benefits Division ("EBD") and the Prospective Contractor arising from the Solicitation, Proposals, this BAFO request, the BAFO, clarification, negotiation, or other discussion, **shall** then constitute the written agreement between the parties. A final written agreement will be prepared that merges all the material terms of the agreement into an integrated document.

1.3 PROPOSAL DELIVERY AND SUBMISSION INSTRUCTIONS

- A. This request is for the BAFO from the Prospective Contractors for Pharmacy Benefits Manager Services. Submissions for this BAFO **must** be delivered to the Department of Transformation and Shared Services ("TSS") Office of State Procurement ("OSP") address below:

TSS Office of State Procurement
501 Woodlane St., Ste. 220
Little Rock, Arkansas 72201-1023
- B. Delivery providers, USPS, UPS, and FedEx deliver mail to OSP's street address on a schedule determined by each individual provider. These providers will deliver to OSP based solely on the street address. **Prospective Contractors assume all risk for timely, properly submitted deliveries.**
- C. Prospective Contractors **shall** seal outer packaging and properly mark with the following information. If outer packaging of proposal submission is not properly marked, the package may be opened for proposal identification purposes.
 - Solicitation Number S000000161, BAFO Number 1

- Prospective Contractor's name

- D. Any BAFO submitted and information derived therefrom **shall** be restricted to those personnel of TSS and others, if any, responsible for participating in the evaluation thereof until after evaluation of all such BAFOs is complete and an anticipated award is posted, or the Solicitation is cancelled.
- E. Deliver submissions for this BAFO request to OSP on or before the designated proposal opening date and time. In accordance with Arkansas Procurement Law and Rules, it is the responsibility of Prospective Contractors to submit proposals at the designated location on or before the proposal opening date and time. BAFOs received after the designated opening date and time will be considered late and will not be subject to further review.

1.4 ACCEPTANCE OF BAFO MANDATORY REQUIREMENTS

- A. A Prospective Contractor's submission of a BAFO response evidences the Prospective Contractor's representation that the terms, conditions, and requirements of the BAFO request have been considered and accepted by the Prospective Contractor.
- B. A Prospective Contractor's BAFO proposal **shall** be rejected if a Prospective Contractor takes exception to any Requirements of this BAFO Request.
- C. If a Prospective Contractor does not submit a notice of withdrawal or a BAFO, the Proposer's initial proposal will be understood to be the Prospective Contractor's BAFO.

1.5 GENERAL TERMS AND CONDITIONS

- A. This BAFO request incorporates all of the *Solicitation Terms and Conditions* located on the OSP website found at transform.ar.gov.
1. Any special terms and conditions included in this BAFO request **shall** override the *Solicitation Terms and Conditions*.

1.6 BAFO COST REQUIREMENTS

- A. The Prospective Contractor **shall** submit an updated *S000000161 Cost Workbook* that reflects the BAFO Mandatory Requirements referenced in this BAFO request.
- B. Pricing **shall** conform to the requirement set forth in Section 1.10 and Section 1.11 of RFP S000000161.
- C. The State may conduct cost checks based on the BAFO submitted by each Prospective Contractor.
1. Prospective Contractors submitting a BAFO response with a proposed cost that falls ten percent (10%) or more from the average submitted cost may be asked to discuss and further validate their submitted cost. The State may reject any such BAFO's that lack sufficient indicia of validity or reliability.
2. Should the State request clarification and/or additional information regarding cost, Prospective Contractors **shall** provide clarification and/or additional information as specified by the request or the State may deem the Prospective Contractor not to be responsible and/or the BAFO not to be responsive.

1.7 EVALUATION

- A. Each BAFO proposal properly submitted in response to this BAFO request will be considered in determining the proposal that is the most advantageous to the State.
- B. To enable fair comparison of competing BAFOs, only pricing submitted using the *S000000161 BAFO Cost Workbook* required as part of this BAFO request will be evaluated. The Technical Score given during the initial technical evaluation will remain unchanged.
- C. The maximum score possible for the cost evaluation is 525 points.

- D. When pricing is opened for scoring, the maximum amount of cost points will be given to the BAFO proposal with the lowest weighted cost as shown in Tables 1 and 2 below. The scoring will be calculated from the *S000000161 BAFO Cost Workbook*, which **shall** evaluate four (4) categories of costs:
1. All-inclusive PMPM Administration fee;
 2. Dollar amount of claims paid with rebates based on both the plan's current formulary and the Prospective Contractor's formulary, respectively. Dollar amounts **shall** be based on historical claims data provided by EBD during RFP S000000161 posting;
 3. Dollar amount of claims paid without rebates based on both the plan's current formulary and the Prospective Contractor's proposed formulary, respectively. Dollar amounts **shall** be based on historical claims data provided by EBD during RFP S000000161 posting.; and
 4. A calculation of total rebates paid on a list of 25 drugs pre-selected by EBD.
- E. Prospective Contractors **shall** follow the requirements set forth in Section 1.10 and Section 1.11 of RFP S000000161 in arriving at the above calculations.
- F. DISCUSSIONS: To the fullest extent permitted under Arkansas Procurement Law, the State reserves the right to engage in discussions with all responsible offerors whose proposals are reasonably susceptible to being selected for award. Discussions may be used to clarify proposals, the terms of the RFP, this BAFO request, and for negotiation. To safeguard against discussions being used to provide an offeror an unfair competitive advantage a record **shall** be maintained of the date and time of any discussions, if any, the subject and nature of the discussions, and the persons present. There **shall** be no disclosure to any offeror of any information derived from any BAFO by any competing offeror during discussions.

1.8 GRAND TOTAL SCORE

- A. The Technical Score and Cost Score will be added together to determine the Grand Total Score for the proposal. The State may engage in discussions with responsible Prospective Contractors determined reasonably susceptible of being selected for award. Award **shall** be made to the responsible offeror whose proposal is determined in writing to be the most advantageous to the state, taking into consideration price, the evaluation factors set forth in the RFP, any BAFOs submitted, and the results of any discussions conducted with responsible offerors.

Table 1

	MAXIMUM POINTS POSSIBLE
Technical Proposal	475
BAFO Cost Score	525
Maximum Possible Grand Total Score	1,000

Table 2

BAFO Cost Score Breakdown	TABLE'S WEIGHTED PERCENTAGE	MAXIMUM WEIGHTED SCORE POSSIBLE
Table A: Administration	15%	78.75
Table B.1: Claims Pricing: Existing Formulary	20%	105
Table B.2: Claims Pricing: Proposed Formulary	35%	183.75
Table C: Rebate Pricing	30%	157.5
Total Cost Score	100%	525

- B. The maximum amount of cost points will be given to the proposal with the lowest subtotal for Table A, the lowest subtotal for Table B.1, the lowest subtotal for Table B.2, and the lowest subtotal for Table C.
- C. The amount of cost points given to each Table on the remaining submissions will be allocated by using the following formula:
- $(A/B) * C = D$
- A = Lowest Estimated Cost
 - B = Second (third, fourth, etc.) Lowest Estimated Cost
 - C = Maximum Points for Lowest Estimated Cost
 - D = Total price points received
- D. Cost Scores for Tables A, B.1, B.2, and C will be added together to determine the Total Cost Score for each BAFO submission.

BAFO COST WORKBOOK
S000000161 Pharmacy Benefits Manager

Prospective Contractor Name:

- Prospective Contractors shall complete all blue-highlighted cells on Tab 2 (BAFO). Cells not shaded in blue will calculate.
- Submitted rates must be guaranteed.
- The plan design to be used for pricing is outlined in the RFP.
- Provide all applicable rates on a per member per month (PMPM) basis where indicated.
- Table A: Provide an all-inclusive PMPM administrative fee.

- Table B.1: Provide dollar amount of claims paid with rebates based on both the plan's current formulary and the Prospective Contractor's formulary. Dollar amounts shall be based on historical claims data provided by EBD during RFP S000000161 posting.
- Table B.2: Provide dollar amount of claims paid without rebates based on both the plan's current formulary and the Prospective Contractor's proposed formulary. Dollar amounts shall be based on historical claims data provided by EBD during RFP S000000161 posting.
- Table C: Provide a calculation of total rebates paid on a list of 25 drugs pre-selected by EBD (see *Rebated Drug Sample* tab).

BAFO Cost Workbook
S000000161 Pharmacy Benefits Manager

TABLE A - Administration (78.75 possible cost points)	Per Member Per Month (PMPM)	X 140,000 members	X 12 months	X 36 months
All-inclusive PMPM Administration Fee		\$ -	\$ -	\$ -
Subtotal Table A				\$ -

TABLE B.1 and TABLE B.2 - Claims Pricing (105 total cost points possible for existing formulary and 183.75 cost points possible for prospective formulary)	Claims repricing cost
B.1 Claims Processed via existing formulary - with rebates included	
B.2 Claims Processed via prospective formulary - with rebates included	
B.1 Claims Processed via existing formulary - without rebates included	
B.2 Claims Processed via prospective formulary - without rebates included	
Subtotal Table B.1	\$ -
Subtotal Table B.2	\$ -

TABLE C - Rebate Pricing (157.5 cost points possible)	Total Rebate	
	X 1 quarter	X 12 quarters
25 drugs pre-selected by EBD (see <i>Rebated Drug Sample</i> tab)		\$ -
Subtotal Table C		\$ -

25 Commonly Rebated Drugs from Historical Claims

- 1 Jardiance
- 2 Ozempic
- 3 Trulicity
- 4 Victoza
- 5 Eliquis
- 6 Xarelto
- 7 Emgality
- 8 Aimovig
- 9 Nurtec
- 10 Dulera
- 11 Symbicort
- 12 Synjardy
- 13 Cequa
- 14 Linzess
- 15 ProAir
- 16 Breztri
- 17 Spiriva
- 18 Stiolto
- 19 Norditropin
- 20 Enbrel (specialty)
- 21 Humira (specialty)
- 22 Rinvoq (specialty)
- 23 Skyrizi (specialty)
- 24 Taltz (specialty)
- 25 Olumiant (specialty)

From: Tanya Freeman (OSP)
Date: April 11, 2023 7:33:25 AM (-05)
Bcc: judy.paslaski@medimpact.com; Gary L. Hattendorf; Burns, Julie (MRx); Prigge, Jennifer; Spegal, Dustin; Tanna M. Behling; adrienne.hagen@medimpact.com
Subject: **Arkansas S000000161 PBM BAFO**

Attachments: S000000161 BAFO Amendment 1.docx; Revised S000000161 BAFO Cost Workbook 4.4.23.xlsx;

Good afternoon.

Please see the attached *S000000161 BAFO Amendment 1* and *Revised S000000161 BAFO Cost Workbook 4.4.23*.

After review, the State has identified that language in 1.8.B. of the Request for Best and Final Offer included incorrect ranking information. There was also a response to Q&A that conflicted with a formula in Table C of the Cost Workbook. Both items have been corrected by Amendment 1.

Please submit the attached *Revised S000000161 BAFO Cost Workbook 4.4.23* prior to April 14, 2023 at 2:00 p.m., CST. Submissions of this cost workbook must be delivered to the Department of Transformation and Shared Services ("TSS") Office of State Procurement ("OSP") address below:

TSS Office of State Procurement
501 Woodlane St., Ste. 220
Little Rock, Arkansas 72201-1023

Thank you and please reach out with any questions,



Tanya Freeman | Statewide Procurement Manager
Transformation and Shared Services | Office of State Procurement
o. 501.682.4140 | c. 501.425.4522 | tanya.freeman@arkansas.gov
[Website](#) | [Facebook](#) | [Twitter](#) | [LinkedIn](#) | [Instagram](#)

BAFO007585

EXHIBIT
10



STATE OF ARKANSAS
DEPARTMENT OF TRANSFORMATION AND SHARED SERVICES
OFFICE OF STATE PROCUREMENT
501 Woodlane St., Ste. 220
Little Rock, Arkansas 72201-1023

AMENDMENT 1

TO: Vendors Addressed
FROM: Tanya Freeman
DATE: April 10, 2023
SUBJECT: S000000161 BAFO 1 and S00000161 Revised Questions and Answers

The following change(s) to the above-referenced BAFO have been made as designated below:

- Change of specification(s)
- Additional specification(s)
- Change of bid opening time and date
- Cancellation of bid
- Other

CHANGE OF SPECIFICATIONS

- A. Delete:
1.8.B.
The maximum amount of cost points will be given to the proposal with the lowest subtotal for Table A, the lowest subtotal for Table B.1, the lowest subtotal for Table B.2, and the lowest subtotal for Table C.
- Replace with:
1.8.B.
The maximum amount of cost points will be given to the proposal with the lowest subtotal for Table A, the lowest subtotal for Table B.1, the lowest subtotal for Table B.2, and the highest subtotal for Table C.
- B. Delete:
Questions and Answers #11 Response- The rebates should be based on only one year of activity not for the entire contract period.
- Replace with:
Questions and Answers #11 Response- The rebates should be based on the formula included as part of Table C in the *Revised S000000161 BAFO Cost Workbook 4.4.23*.

The specifications by virtue of this amendment become a permanent addition to the above referenced BAFO.

If you have any questions, please contact Tanya Freeman at tanya.freeman@arkansas.gov or (501) 682-4140.

BAFO COST WORKBOOK
S000000161 Pharmacy Benefits Manager

Prospective Contractor Name:

- Prospective Contractors shall complete all blue-highlighted cells on Tab 2 (BAFO). Cells not shaded in blue will calculate.
- Submitted rates must be guaranteed.
- The plan design to be used for pricing is outlined in the RFP.
- Provide all applicable rates on a per member per month (PMPM) basis where indicated.
- Table A: Provide an all-inclusive PMPM administrative fee.

- Table B.1: Provide dollar amount of claims paid with rebates based on both the plan's current formulary and the Prospective Contractor's formulary. Dollar amounts shall be based on historical claims data provided by EBD during RFP S000000161 posting.
- Table B.2: Provide dollar amount of claims paid without rebates based on both the plan's current formulary and the Prospective Contractor's proposed formulary. Dollar amounts shall be based on historical claims data provided by EBD during RFP S000000161 posting.
- Table C: Provide a calculation of total rebates paid on a list of 25 drugs pre-selected by EBD (see *Rebated Drug Sample* tab).

Revised BAFO Cost Workbook 4.4.23
S000000161 Pharmacy Benefits Manager

TABLE A - Administration (78.75 possible cost points)	Per Member Per Month (PMPM)	X 140,000 members	X 12 months	X 36 months
All-inclusive PMPM Administration Fee		\$ -	\$ -	\$ -
Subtotal Table A				\$ -

TABLE B.1 and TABLE B.2 - Claims Pricing (105 total cost points possible for existing formulary and 183.75 cost points possible for prospective formulary)	Claims repricing cost
B.1 Claims Processed via existing formulary - with rebates included	
B.2 Claims Processed via prospective formulary - with rebates included	
B.1 Claims Processed via existing formulary - without rebates included	
B.2 Claims Processed via prospective formulary - without rebates included	
Subtotal Table B.1	\$ -
Subtotal Table B.2	\$ -

TABLE C - Rebate Pricing (157.5 cost points possible)	Total Rebate	
	X 1 quarter	X 12 quarters
25 drugs pre-selected by EBD (see <i>Rebated Drug Sample</i> tab)		\$ -
Subtotal Table C		\$ -

25 Commonly Rebated Drugs from Historical Claims

- 1 Jardiance
- 2 Ozempic
- 3 Trulicity
- 4 Victoza
- 5 Eliquis
- 6 Xarelto
- 7 Emgality
- 8 Aimovig
- 9 Nurtec
- 10 Dulera
- 11 Symbicort
- 12 Synjardy
- 13 Cequa
- 14 Linzess
- 15 ProAir
- 16 Breztri
- 17 Spiriva
- 18 Stiolto
- 19 Norditropin
- 20 Enbrel (specialty)
- 21 Humira (specialty)
- 22 Rinvoq (specialty)
- 23 Skyrizi (specialty)
- 24 Taltz (specialty)
- 25 Olumiant (specialty)

Cost Evaluation Summary Score Sheet BAFO Amendment 1

Solicitation # S00000016
 Description: Pharmacy Benefits Manag
 Department: TSS-Employee Benefits Divisi

Table A: Administration

Prospective Contractor	Lowest Total Cost	Second (third, fourth, etc.) Lowest Total Cost	Maximum Points for Lowest Total Cost	Number Cost Points Scored
Magellan	\$ 9,324,000.00		78.75	78.75
Medimpact		\$ 9,525,600.00		77.08
Navitus		\$ 11,541,600.00		63.62

Table B.1: Claims Pricing: Existing Formula

Prospective Contractor	Lowest Total Cost	Second (third, fourth, etc.) Lowest Total Cost	Maximum Points for Lowest Total Cost	Number Cost Points Scored
Medimpact	\$ 78,082,679.00		105	105
Navitus		\$ 86,984,809.00		94.25
Magellan		\$ 157,716,936.00		51.98

Table B.2: Claims Pricing: Proposed Formula

Prospective Contractor	Lowest Total Cost	Second (third, fourth, etc.) Lowest Total Cost	Maximum Points for Lowest Total Cost	Number Cost Points Scored
Navitus	\$ 83,639,239.00		183.75	183.75
Medimpact		\$ 111,546,684.00		137.78
Magellan		\$ 157,716,936.00		97.44

Table C: Rebate Pricing

Prospective Contractor	Lowest Total Cost	Second (third, fourth, etc.) Lowest Total Cost	Maximum Points for Lowest Total Cost	Number Cost Points Scored
Magellan	\$254,729,280.00		157.5	157.5
Navitus		\$ 164,281,344.00		102
Medimpact		\$ 6,327,948.00		4

Prospective Contractor	Total Cost Score	Total Technical	Total Score
Magellan	385.68	213.20	598.88
Medimpact	323.77	350.20	673.97
Navitus	443.20	324.40	767.60

Formula for Cost Score-Tables A, B1, B2: (A/B)*(C)=D
A = Lowest Total Cost
B = Second (third, fourth, etc.) Lowest Total Cost
C = Maximum Points for Lowest Total Cost
D = Number cost points scored

Final Cost Evaluation Summary Score Sheet BAFO

Solicitation # S00000016
 Description: Pharmacy Benefits Manag
 Department: TSS-Employee Benefits Divisi

Table A: Administration

Prospective Contractor	Lowest Total Cost	Second (third, fourth, etc.) Lowest Total Cost	Maximum Points for Lowest Total Cost	Number Cost Points Scored
Magellan	\$ 9,324,000.00		78.75	78.75
Medimpact		\$ 9,525,600.00		77.08
Navitus		\$ 11,541,600.00		63.62

Table B.1: Claims Pricing: Existing Formula

Prospective Contractor	Lowest Total Cost	Second (third, fourth, etc.) Lowest Total Cost	Maximum Points for Lowest Total Cost	Number Cost Points Scored
Magellan	\$122,045,438		105	105
Navitus		\$131,289,949		97.60
MedImpact		\$138,212,676		92.72

Table B.2: Claims Pricing: Proposed Formula

Prospective Contractor	Lowest Total Cost	Second (third, fourth, etc.) Lowest Total Cost	Maximum Points for Lowest Total Cost	Number Cost Points Scored
Medimpact	\$104,748,671		183.75	183.75
Magellan		\$122,045,438		157.70
Navitus		\$126,187,447		152.53

Table C: Rebate Pricing

Prospective Contractor	Highest Total Rebates	Second (third, fourth, etc.) Highest Total Rebates	Maximum Points for Highest Total Rebates	Number Cost Points Scored
Magellan	\$254,729,280.00		157.5	157.5
Navitus		\$ 164,281,344.00		102
Medimpact		\$ 141,390,895.00		87

Prospective Contractor	Total Cost Score	Total Technical	Total Score
Magellan	498.95	213.20	712.15
Medimpact	440.92	350.20	791.12
Navitus	415.31	324.40	739.71

Formula for Cost Score-Tables A, B1, B2: (A/B)*(C) =D
A = Lowest Total Cost
B = Second (third, fourth, etc.) Lowest Total Cost
C = Maximum Points
D = Number Cost Points Scored

BAFO COST WORKBOOK
S000000161 Pharmacy Benefits Manager

Prospective Contractor Name: MedImpact Healthcare Systems, Inc.

- Prospective Contractors shall complete all blue-highlighted cells on Tab 2 (BAFO). Cells not shaded in blue will calculate.
- Submitted rates must be guaranteed.
- The plan design to be used for pricing is outlined in the RFP.
- Provide all applicable rates on a per member per month (PMPM) basis where indicated.
- Table A: Provide an all-inclusive PMPM administrative fee.

- Table B.1: Provide dollar amount of claims paid with rebates based on both the plan's current formulary and the Prospective Contractor's formulary. Dollar amounts shall be based on historical claims data provided by EBD during RFP S000000161 posting.
- Table B.2: Provide dollar amount of claims paid without rebates based on both the plan's current formulary and the Prospective Contractor's proposed formulary. Dollar amounts shall be based on historical claims data provided by EBD during RFP S000000161 posting.
- Table C: Provide a calculation of total rebates paid on a list of 25 drugs pre-selected by EBD (see *Rebated Drug Sample* tab).

Revised BAFO Cost Workbook 4.4.23
S000000161 Pharmacy Benefits Manager

TABLE A - Administration (78.75 possible cost points)	Per Member Per Month (PMPM)	X 140,000 members	X 12 months	X 36 months
All-inclusive PMPM Administration Fee	\$ 1.99	\$ 278,600.00	\$ 3,343,200.00	\$ 10,029,600.00
Subtotal Table A				\$ 10,029,600.00

TABLE B.1 and TABLE B.2 - Claims Pricing (105 total cost points possible for existing formulary and 183.75 cost points possible for prospective formulary)	Claims repricing cost
B.1 Claims Processed via existing formulary - with rebates included	\$ 138,212,676.00
B.2 Claims Processed via prospective formulary - with rebates included	\$ 104,748,671.00
B.1 Claims Processed via existing formulary - without rebates included	\$ 216,295,355.00
B.2 Claims Processed via prospective formulary - without rebates included	\$ 216,295,355.00
Subtotal Table B.1	\$ 78,082,679.00
Subtotal Table B.2	\$ 111,546,684.00

TABLE C - Rebate Pricing (157.5 cost points possible)	Total Rebate	
	X 1 quarter	X 12 quarters
25 drugs pre-selected by EBD (see <i>Rebated Drug Sample</i> tab)	\$ 527,329.00	\$ 6,327,948.00
Subtotal Table C		\$ 6,327,948.00

Table B Claims Repricing is based on the claims data provided as part of the RFP
 Table B Claims repricing is based on discounts dispensing fee and rebates from MedImpacts BAFO
 Table B rebates from existing formulary are estimated

25 Commonly Rebated Drugs from Historical Claims

		30 Day Rxs	90 Day Rxs	Specialty Day Rxs
1	Jardiance	78	1	
2	Ozempic	87	8	
3	Trulicity	31	5	
4	Victoza	20	2	
5	Eliquis	67	10	
6	Xarelto	49	2	
7	Emgality	10	1	
8	Aimovig	11	1	
9	Nurtec			
10	Dulera	4	2	
11	Symbicort	1		
12	Synjardy	19	3	
13	Cequa	6	1	
14	Linzess	15	5	
15	ProAir			
16	Breztri	9	1	
17	Spiriva	14		
18	Stiolto	2		
19	Norditropin			
20	Enbrel (specialty)			10
21	Humira (specialty)			50
22	Rinvoq (specialty)			6
23	Skyrizi (specialty)			5
24	Taltz (specialty)			14
25	Olumiant (specialty)			

Rx counts are from the last quarter of Claim data provided during the RFP

Crafted Rx Solutions for State of Arkansas

April 7, 2023

Solicitation Number S000000161

Jennifer Sedillo
Regional Vice President
505-974-5043
jsedillo@elixirsolutions.com



BAFO007386

EXHIBIT
14



April 7, 2023

Brandi Schroeder, Outreach and Policy Manager
TSS Office of Procurement
501 Woodlane Street, Ste 220
Little Rock, Arkansas, 72201-1023

Re: Solicitation Number S000000161, BAFO Number 1

Dear Ms. Schroeder:

On behalf of the entire Elixir organization, I am pleased to submit our BAFO for pharmacy benefit management (PBM) services. Enclosed please find our BAFO Cost Workbook.

Should you have any additional questions, please let me know. I look forward to speaking with you soon.

Sincerely,

Jennifer Sedillo

Jennifer Sedillo, Regional Vice President, Employer Sales
jsedillo@elixirsolutions.com
505-974-5043

BAFO COST WORKBOOK
S000000161 Pharmacy Benefits Manager

Prospective Contractor Name: Elixir Rx Solutions

- Prospective Contractors shall complete all blue-highlighted cells on Tab 2 (BAFO). Cells not shaded in blue will calculate.
- Submitted rates must be guaranteed.
- The plan design to be used for pricing is outlined in the RFP.
- Provide all applicable rates on a per member per month (PMPM) basis where indicated.
- Table A: Provide an all-inclusive PMPM administrative fee.

- Table B.1: Provide dollar amount of claims paid with rebates based on both the plan's current formulary and the Prospective Contractor's formulary. Dollar amounts shall be based on historical claims data provided by EBD during RFP S000000161 posting.
- Table B.2: Provide dollar amount of claims paid without rebates based on both the plan's current formulary and the Prospective Contractor's proposed formulary. Dollar amounts shall be based on historical claims data provided by EBD during RFP S000000161 posting.
- Table C: Provide a calculation of total rebates paid on a list of 25 drugs pre-selected by EBD (see *Rebated Drug Sample* tab).

Revised BAFO Cost Workbook 4.4.23
S000000161 Pharmacy Benefits Manager

TABLE A - Administration (78.75 possible cost points)	Per Member Per Month (PMPM)	X 140,000 members	X 12 months	X 36 months
All-inclusive PMPM Administration Fee	\$ 1.90	\$ 266,000.00	\$ 3,192,000.00	\$ 9,576,000.00
Subtotal Table A				\$ 9,576,000.00

TABLE B.1 and TABLE B.2 - Claims Pricing (105 total cost points possible for existing formulary and 183.75 cost points possible for prospective formulary)	Claims repricing cost
B.1 Claims Processed via existing formulary - with rebates included	\$ 85,796,524.00
B.2 Claims Processed via prospective formulary - with rebates included	
B.1 Claims Processed via existing formulary - without rebates included	\$ 116,338,790.00
B.2 Claims Processed via prospective formulary - without rebates included	
Subtotal Table B.1	\$ 30,542,266.00
Subtotal Table B.2	\$ -

TABLE C - Rebate Pricing (157.5 cost points possible)	Total Rebate	
	X 1 quarter	X 12 quarters
25 drugs pre-selected by EBD (see <i>Rebated Drug Sample</i> tab)	\$ 14,573,128.00	\$ 174,877,536.00
Subtotal Table C		\$ 174,877,536.00

25 Commonly Rebated Drugs from Historical Claims

		6 months claims within data	Annualized 1 year Rx count	7/23 - 6/24	7/24 - 6/25	7/25 - 6/26
1	Jardiance	\$ 5,402.00	\$ 10,804.00	\$ 6,016,616.63	\$ 6,623,840.54	\$ 7,580,995.59
2	Ozempic	\$ 3,163.00	\$ 6,326.00	\$ 3,378,924.43	\$ 3,719,940.63	\$ 3,892,156.77
3	Trulicity	\$ 2,291.00	\$ 4,582.00	\$ 2,298,501.93	\$ 2,530,477.04	\$ 3,097,798.58
4	Victoza	\$ 1,654.00	\$ 3,308.00	\$ 1,581,569.96	\$ 1,577,973.46	\$ 1,571,431.22
5	Eliquis	\$ 8,002.00	\$ 16,004.00	\$ 4,035,120.58	\$ 4,447,089.07	\$ 4,691,832.58
6	Xarelto	\$ 2,595.00	\$ 5,190.00	\$ 1,177,304.93	\$ 1,316,577.04	\$ 1,399,014.51
7	Emgality	\$ 770.00	\$ 1,540.00	\$ 570,407.53	\$ 614,103.12	\$ 652,764.92
8	Aimovig	\$ 698.00	\$ 1,396.00	\$ 560,991.42	\$ 603,965.70	\$ 704,726.64
9	Nurtec	\$ 151.00	\$ 302.00	\$ 101,450.29	\$ 109,221.81	\$ 130,718.32
10	Dulera	\$ 840.00	\$ 1,680.00	\$ 397,984.52	\$ 434,667.64	\$ 483,540.04
11	Symbicort	\$ 2,822.00	\$ 5,644.00	\$ 1,282,481.65	\$ 1,438,418.39	\$ 1,524,622.07
12	Synjardy	\$ 567.00	\$ 1,134.00	\$ 634,037.70	\$ 698,027.63	\$ 799,120.94
13	Cequa	\$ 557.00	\$ 1,114.00	\$ 396,016.76	\$ 435,984.54	\$ 533,730.31
14	Linzess	\$ 1,079.00	\$ 2,158.00	\$ 908,769.86	\$ 1,000,486.98	\$ 1,222,414.83
15	ProAir	\$ -	\$ -	\$ -	\$ -	\$ -
16	Breztri	\$ 656.00	\$ 1,312.00	\$ 534,942.51	\$ 588,931.30	\$ 709,761.87
17	Spiriva	\$ 1,122.00	\$ 2,244.00	\$ 689,588.72	\$ 748,003.68	\$ 902,047.59
18	Stiolto	\$ 647.00	\$ 1,294.00	\$ 375,181.62	\$ 406,963.20	\$ 490,773.22
19	Norditropin	\$ 107.00	\$ 214.00	\$ 47,494.05	\$ 53,268.85	\$ 56,461.22
20	Enbrel (specialty)	\$ 694.00	\$ 1,388.00	\$ 4,813,152.47	\$ 5,306,820.91	\$ 5,565,528.43
21	Humira (specialty)	\$ 1,732.00	\$ 3,464.00	\$ 19,567,953.43	\$ 21,263,222.01	\$ 22,299,804.08
22	Rinvoq (specialty)	\$ 268.00	\$ 536.00	\$ 1,555,325.95	\$ 1,714,850.37	\$ 1,798,449.32
23	Skyrizi (specialty)	\$ 133.00	\$ 266.00	\$ 2,904,612.89	\$ 3,175,371.68	\$ 3,330,171.05
24	Taltz (specialty)	\$ 827.00	\$ 1,654.00	\$ 4,171,523.84	\$ 4,678,738.73	\$ 4,959,133.18
25	Olumiant (specialty)	\$ 58.00	\$ 116.00	\$ 292,561.53	\$ 328,134.03	\$ 347,798.94

Notes: Above projections utilize 6 months in historical claims annualized. Rebate dollars represent 12 months.
 No Rx utilization was applied to analysis though increased utilization would be expected and would increase rebate yield.
 There are potential patent expirations on several drugs above where rebate dollars would be impacted if there is a generic launch.
 ProAir - no rebate dollars projected with the generic (albuterol).

From: Edward Armstrong
Date: March 28, 2023 2:56:45 PM (-05)
To: Tanya Freeman (OSP)
Cc: Anthony Black
Subject: **S000000161 BAFO draft 032723 tf 3-28-23 ERA**

Attachments: S000000161 BAFO draft 032723 tf 3-28-23 ERA.docx;

Tanya, thank you for all of your hard work on this! I'd say clean it up and please get it to EBD for review, comment, and final elaboration. EBD did mention that it was wanting the ability to make further inquiry if a vendor submitted pricing that is more than 10% lower than the average pricing submitted.

BAFO006369

EXHIBIT
15