

**Request for Proposals (RFP)
for**

**PHARMACY BENEFIT MANAGEMENT SERVICES
RFP HR 22-001**

Schedule of Events

ACTIVITY (All times are local Phoenix time)	DATE
Solicitation Issue Date	August 25, 2022
Pre-Proposal Meeting	September 7, 2022 10:00 a.m. via Cisco Webex
Submittal of Written Questions	September 9, 2022 due by 2:00 p.m.
Responses to Written Questions	September 20, 2022
Submittal of List of Exceptions by 2:00 pm	September 23, 2022
Email Procurement Officer indicating intent to submit an Offer	September 23, 2022 by 2:00 p.m.
Offer Submittal Due Date	September 30, 2022 by 2:00 p.m.
Short Listing and Offeror Interviews, if applicable	Week of November 28, 2022
Award Recommendation to Phoenix City Council	February/March 2023

Submit proposals and requests for alternate formats to:

Margie Vasquez, Procurement Officer
City of Phoenix Human Resources Department
251 W. Washington Street, 7th Floor
Phoenix, Arizona 85003
Telephone: (602) 206-5081 (7-1-1 Friendly)
Margie.Vasquez@phoenix.gov
Date posted on website (Issue Date): August 25, 2022

This RFP does not commit the City to award any agreement.
All dates subject to change.



SECTION I – INSTRUCTIONS

CITY OF PHOENIX

TABLE OF CONTENTS

1. DESCRIPTION – STATEMENT OF NEED:	1
2. MINIMUM QUALIFICATIONS:	1
3. AGREEMENT TERM AND CONTRACTUAL RELATIONSHIP:	2
4. PRE-PROPOSAL MEETING:	2
5. SCOPE OF WORK AND SUPPLEMENTAL TERMS AND CONDITIONS:	2
6. CITY’S VENDOR SELF-REGISTRATION AND NOTIFICATION:	2
7. PREPARATION OF OFFER:	3
8. EXCEPTIONS:	3
9. INQUIRIES:	4
10. ADDENDA:	4
11. LICENSES:	4
12. CERTIFICATION:	4
13. SUBMISSION OF OFFER:	5
14. WITHDRAWAL OF OFFER:	5
15. OFFER RESULTS:	5
16. PRE-AWARD QUALIFICATIONS:	5
17. AWARD OF CONTRACT:	6
18. CITY’S RIGHT TO DISQUALIFY FOR CONFLICT OF INTEREST:	6
19. SOLICITATION TRANSPARENCY POLICY:	6
20. PROTEST PROCESS:	7
21. PUBLIC RECORD:	8
22. LATE OFFERS:	9
23. RIGHT TO DISQUALIFY:	9
24. CONTRACT AWARD:	9
25. EVALUATION OF COMPETITIVE SEALED OFFERS:	9



SECTION I – INSTRUCTIONS

CITY OF PHOENIX

26. DETERMINING RESPONSIVENESS AND RESPONSIBILITY: 9

27. DETAILED EVALUATION OF OFFERS AND DETERMINATION OF COMPETITIVE RANGE: 10

28. OFFERS NOT WITHIN THE COMPETITIVE RANGE:..... 10

29. DISCUSSIONS WITH OFFERORS IN THE COMPETITIVE RANGE: 10

30. BEST AND FINAL OFFERS (BAFO): 11

31. STATEMENT OF BONDING ABILITY: 12

32. PERFORMANCE BOND:..... 12

SECTION II – PROFESSIONAL SERVICES CONSULTING AGREEMENT 0

1. TERM OF AGREEMENT: 1

2. PAYMENT 2

3. SCOPE OF WORK AND SUPPLEMENTAL TERMS AND CONDITIONS: 2

4. INDEMNIFICATION & INSURANCE REQUIREMENTS: 3

5. LAWFUL PRESENCE REQUIREMENT:..... 3

6. INDEPENDENT CONTRACTOR STATUS; EMPLOYMENT DISCLAIMER..... 3

7. LEGAL WORKER REQUIREMENTS:..... 3

8. CONFIDENTIALITY AND DATA SECURITY:..... 4

9. CONTACTS WITH THIRD PARTIES:..... 5

10. SBE/ DBE UTILIZATION: 5

11. AUDIT/RECORDS: 5

12. COMPLIANCE WITH LAWS: 5

13. AMENDMENTS:..... 6

14. NO ORAL ALTERATIONS: 6

15. NOTICES: 6

16. INTEGRATION:..... 7

17. GOVERNING LAW; FORUM; VENUE: 7



SECTION I – INSTRUCTIONS

CITY OF PHOENIX

18. FISCAL YEAR CLAUSE:..... 7

19. TERMINATION OR SUSPENSION OF SERVICES: 8

20. FINAL PAYMENT: 8

21. PROFESSIONAL COMPETENCY:..... 8

22. SPECIFIC PERFORMANCE:..... 9

23. FORCE MAJEURE: 9

24. DOCUMENTATION: 9

25. RELEASE OF INFORMATION - ADVERTISING AND PROMOTION: 10

26. CONFLICTS OF INTEREST: 10

27. PUBLIC RECORDS: 11

28. CLAIMS OR DEMANDS AGAINST THE CITY: 11

29. WAIVER OF CLAIMS FOR ANTICIPATED PROFITS:..... 12

30. CONTINUATION DURING DISPUTES:..... 12

31. THIRD PARTY BENEFICIARY CLAUSE: 12

32. EQUAL EMPLOYMENT OPPORTUNITY AND PAY: 12

33. CONTRACT INTERPRETATION:..... 14

34. MISCELLANEOUS 14

35. NO ISRAEL BOYCOTT: 15

36. PERFORMANCE BOND:..... 15

37. APPROVALS 16

EXHIBIT A – SCOPE OF WORK..... 1

EXHIBIT B – FEE SCHEDULE 61

EXHIBIT C - INDEMNIFICATION & INSURANCE REQUIREMENTS 62

EXHIBIT D - CONTRACTOR’S INSURANCE CERTIFICATE..... 67

EXHIBIT E - SUPPLEMENTAL TERMS AND CONDITIONS..... 68

SECTION III – EVALUATION REQUIREMENTS 74

SECTION IV - SUBMITTALS..... 80



SECTION I – INSTRUCTIONS

CITY OF PHOENIX

RFP PROCESS - INSTRUCTIONS

1. DESCRIPTION – STATEMENT OF NEED:

- 1.1 The City of Phoenix invites sealed offers for Pharmacy Benefit Manager Services for a five-year period commencing on or about January 1, 2024 or the “Effective Date” which is upon award by City Council, conditioned upon signature and recording by the City Clerk’s department, as required by the Phoenix City Code, whichever is later, in accordance with the Minimum Qualifications in paragraph 2, the Scope of Work in Exhibit A to the Professional Services Agreement attached in Section II and the additional specifications and provisions contained herein.
- 1.2 This Solicitation is available through Arizona Relay Service 7-1-1. Please call TTY 800-367-8939 for assistance.
- 1.3 Notwithstanding the foregoing, this Agreement will terminate upon the earliest occurrence: by reaching the end of the term including any extensions exercised, or termination pursuant to the provisions of this Agreement.

2. MINIMUM QUALIFICATIONS:

Each Offeror must demonstrate in its proposal that it meets the Minimum Qualifications set forth below, or its proposal will be disqualified as non-responsive. The Offeror must:

- 2.1 Have been in operation a minimum of ten (10) years.
- 2.2 Have a minimum of ten (10) years’ experience providing all of the Pharmacy Benefit Manager Services listed in this Solicitation, for private and public entities comparable in size to the City of Phoenix. This information must be provided in Section III, Section IV, and Attachment 34 (RFP Questionnaire) of this Solicitation.
- 2.3 Have an overall book of business providing the Services requested in this Solicitation to Plans with at least 5,000 thousand Plan Participants.
- 2.4 Have no bankruptcy filings within the last five (5) years.
- 2.5 Submit a letter from a bonding or insurance company stating that the Offeror can qualify for and procure the performance bond and/or payment surety required Section I, Paragraph 31, Statement of Bonding Ability.
- 2.6 Be lawfully authorized to conduct business in Arizona or must have no impediments to conducting business in Arizona.
- 2.7 Agree that by executing the Submittals and submitting an Offer that terms outlined throughout this RFP process (within your response and any enhancements thereafter) must remain in place through negotiations and be part of the final contract unless specifically waived by the City in writing.



SECTION I – INSTRUCTIONS

CITY OF PHOENIX

3. AGREEMENT TERM AND CONTRACTUAL RELATIONSHIP:

3.1 Offerors are responsible for reading the agreement and submitting any questions about it in accordance with the process listed in this agreement. By submitting a proposal, each Offeror agrees it will be bound by the terms of the Agreement attached hereto. The City anticipates a five-year term. Notwithstanding the foregoing, this Agreement will terminate upon the earliest occurrence of any of the following:

- reaching the end of the term and any extensions;
- completing the Services set forth in the Scope of Work (the “Services”);
- payment of the maximum authorized compensation; or
- termination pursuant to the provisions of the Agreement.

4. PRE-PROPOSAL MEETING:

Offerors may attend the pre-proposal meeting via Cisco Webex at the date and time listed on page one. Please register for this meeting by emailing the procurement officer listed on the front page.

Meeting number/access code/meeting information: **2497 659 7748**

Meeting password: **BPY4bw2JTm7**

Attend the meeting using one of the formats below:

- Join online using your Cisco Webex account
- Join online without a Cisco Webex account: globalpage-prod.webex.com/join
- Join by phone +1-602-666-0783 US Toll (Phoenix). When asked for Attendee Number, press #.
- Join from a video system or application
Dial **24976597748@hrphoenix.webex.com**
You can also dial 173.243.2.68 and enter your meeting number.
- Join using Microsoft Lync or Microsoft Skype for Business
Dial 24976597748.hrphoenix@lync.webex.com

5. SCOPE OF WORK AND SUPPLEMENTAL TERMS AND CONDITIONS:

Contractor will provide Services that will be in accordance with the Scope of Work as set forth in Section II, *Exhibit A*, which may be supplemented with additional detail from time to time during the term of the Agreement, and that are satisfactory to the City. In performing these Services, Contractor will also specifically comply with the applicable Supplemental Terms and Conditions that are set forth in Section II, *Exhibit E*.

6. CITY'S VENDOR SELF-REGISTRATION AND NOTIFICATION:

Vendors must be registered in the City's eProcurement Self-Registration System at <https://www.phoenix.gov/financesite/Pages/EProc-help.aspx> in order to respond to solicitations and access procurement information. The City may, at its sole discretion, reject any offer from a Offeror who has not registered in the City's eProcurement system.



SECTION I – INSTRUCTIONS

CITY OF PHOENIX

7. PREPARATION OF OFFER:

- 7.1** All forms provided must be completed and submitted with your offer. The signed and completed Solicitation Disclosure form must be included or your offer may be deemed non-responsive.
- 7.2** It is permissible to copy Submittal forms if necessary. Erasures, interlineations, or other modifications of your offer must be initialed in original ink by the authorized person signing the offer. No offer will be altered, amended or withdrawn after the specified offer due date and time. The City is not responsible for Offeror's errors or omissions.
- 7.3** All time periods stated as a number of days will be calendar days.
- 7.4** It is the responsibility of all Offerors to examine the entire solicitation and seek clarification of any requirement that may not be clear and to check all responses for accuracy before submitting an offer. Negligence in preparing an offer confers no right of withdrawal after due date and time. Offerors are strongly encouraged to:
- 7.4.1** Consider applicable laws and/or economic conditions that may affect cost, progress, performance, or furnishing of the products or Services.
 - 7.4.2** Study and carefully correlate Offeror's knowledge and observations with the solicitation and other related data.
 - 7.4.3** Promptly notify the City of all conflicts, errors, ambiguities, or discrepancies which Offeror has discovered in or between the solicitation and such other related documents.
- 7.5** The City does not reimburse the cost of developing, presenting or providing any response to this Solicitation. Offers submitted for consideration should be prepared simply and economically, providing adequate information in a straightforward and concise manner. The Offeror is responsible for all costs incurred in responding to this Solicitation. All materials and documents submitted in response to this Solicitation become the property of the City and will not be returned.

8. EXCEPTIONS:

- 8.1** If an Offeror has any exceptions to any terms, conditions or material requirements of this Solicitation including without limitation to the Professional Services Agreement and the Scope of Work, the Offeror must include a list of all exceptions to the requirements of the solicitation and attachment documents, if any, stated on a separate page labeled "Exceptions Statement" to Margie.Vasquez@phoenix.gov by September 23, 2022 by 2:00 pm Arizona time. Offeror must identify the reason for the requested change, provide alternate language and provide an explanation. If Offeror's Submittal does not include a separate Exceptions Statement identifying all specific exceptions, the exceptions will be deemed waived by the Offeror.



SECTION I – INSTRUCTIONS

CITY OF PHOENIX

8.2 It is the intent of the City to award a contract on a fair, competitive basis. For this reason, the City may view any “Exception” in response to any material conditions or requirement of the solicitation, as an attempt by the Offeror to vary the terms of the solicitation which, in fact, may result in giving the Offeror an unfair advantage. For this reason, the City will, at its option, not allow exceptions to any material requirement if, in the opinion of the City, the exceptions alter the overall intent of the solicitation, unless the exception would be of material benefit to the City. Additionally, the City may, at its option, deem any submittal non-responsive based on exceptions by the Offeror.

9. INQUIRIES:

9.1 All questions that arise relating to this Solicitation should be directed to the procurement officer on the solicitation cover page.

9.2 To be considered, written inquiries must be received at the address on the cover page by the submittal time. Written inquiries may be emailed to the address on the cover page. Inquiries received will then be answered in an addendum.

9.3 No informal contact initiated by Offerors on the proposed service will be allowed with members of City’s staff from date of distribution of this Solicitation until after the closing date and time for the submission of offers. All questions concerning or issues related to this Solicitation must be presented in writing.

10. ADDENDA:

The City of Phoenix will not be responsible for any oral instructions made by any employees or officers of the City of Phoenix in regard to the offering instructions, plans, drawings, specifications, or contract documents. Any changes to the plans, drawings and specifications will be in the form of an addendum. The Offeror must acknowledge receipt of any/all addendum by signing and returning the addenda document with the offer submittal.

11. LICENSES:

If required by law for the operation of the business or work related to this Offer, Offeror must possess all valid certifications and/or licenses as required by federal, state or local laws at the time of submittal.

The City will not enter into contracts with foreign corporations or entities not granted authority to transact business, or not in good standing, in the State of Arizona by the Arizona Corporation Commission and/or the Secretary of State.

12. CERTIFICATION:

By signature in the offer section of the Affidavit page, Offeror certifies:

- The submission of the Offer did not involve collusion or other anti-competitive practices.



SECTION I – INSTRUCTIONS

CITY OF PHOENIX

- The Offeror must not discriminate against any employee, or applicant for employment in violation of Federal or State Law. The Offeror has not given, offered to give, nor intends to give at any time hereafter, any economic opportunity, future employment, gift, loan, gratuity, special discount, trip, favor, or service to a public servant in connection with the submitted offer.

13. SUBMISSION OF OFFER:

- 13.1** The City of Phoenix will ONLY accept Offers electronically for this RFP process. Offerors may not submit hardcopies of any Offer to this Solicitation.
- 13.2** To submit proposals electronically, Offerors must send an email to the Procurement Officer by the date stated on the Schedule of Events indicating the Offeror's intent to submit an offer. The Procurement Officer will send an invitation to the Offeror which will include submittal instructions and a link to upload the Offeror's proposal response. Offers must be able to be downloaded by the Department on or prior to the exact time and date indicated in the Schedule of Events on the cover page. Late offers will not be considered. The prevailing clock will be the Department clock.
- 13.3** Please submit the items as defined in Section III – Evaluation Requirements, Section IV - Submittals, and any relevant Addenda. **Do not submit a copy of the entire Solicitation document.** Offers submitted will remain in effect for a period of 180 calendar days from the Solicitation opening date and are irrevocable unless it is in the City's best interest to reject the Offer.

14. WITHDRAWAL OF OFFER:

At any time prior to the Solicitation due date and time, an Offeror (or designated representative) may withdraw the Offer by submitting a request in writing and signed by a duly authorized representative. Facsimiles, telegraphic or mailgram withdrawals will not be considered. Withdrawals may not be made after the proposal due date.

15. OFFER RESULTS:

Offers will be opened on the Offer due date and time at which time the name of each Offeror and the prices may be read. Offers and other information received in response to the Solicitation will be shown only to authorized City personnel having a legitimate interest in them or persons assisting the City in the evaluation. Offers are not available for public inspection until after the City has posted the award recommendation on the City's website.

16. PRE-AWARD QUALIFICATIONS:

- 16.1** Upon notification of an award, but before finalization of the award, the Offeror will have ten (10) business days to submit a complete certificate of insurance in the minimum amounts and the coverages as required in the Insurance Requirements of this Solicitation. Insurance and Indemnification requirements are non-negotiable.



SECTION I – INSTRUCTIONS

CITY OF PHOENIX

16.2 Upon notification of an award, but before the finalization of the award, the Offeror will have ten (10) business days to submit the bonding requirements as identified in Section I, paragraph 32.

16.3 If the requirements of paragraphs 16.1 and 16.2 are not met, the City at its option may deem the Offeror's Offer non-responsive and award the contract to another Offeror.

17. AWARD OF CONTRACT:

Unless otherwise indicated, award(s) will be made to the most responsive, responsible Offeror(s) who are regularly established in the Services contained in this Solicitation and who have demonstrated the ability to perform the required Services in an acceptable manner. Factors that will be considered by the City include:

- Technical capability of the Offeror to accomplish the Scope of Work required in the Solicitation. This includes performance history on past and current government or industrial contracts; and,
- Demonstrated availability of the necessary manpower (both supervisory and operational personnel) and necessary equipment to accomplish the scope of work in the Solicitation; and,
- Safety record; and,
- Vendor history of performance and termination for convenience or cause.

Notwithstanding any other provision of this Solicitation, the City reserves the right to: (1) waive any immaterial defect or informality; or (2) reject any or all offers or portions thereof; or (3) reissue a Solicitation.

18. CITY'S RIGHT TO DISQUALIFY FOR CONFLICT OF INTEREST:

The City reserves the right to disqualify any Offeror on the basis of any real or apparent conflict of interest that is disclosed by the Offer submitted or any other data available to the City. This disqualification is at the sole discretion of the City. Any Offeror submitting an offer herein waives any right to object now or at any future time, before anybody or agency, including but not limited to, the City Council of the City of Phoenix or any court.

19. SOLICITATION TRANSPARENCY POLICY:

19.1 Commencing on the date and time a Solicitation is published, potential or actual offerors or respondents (including their representatives) shall only discuss matters associated with the Solicitation with the Mayor, any members of City Council, the City Manager, any Deputy City Manager, or any department director directly associated with the Solicitation (including in each case their assigned staff, except for the designated procurement officer) at a public meeting, posted under Arizona Statutes, until Agreement(s) are awarded to all offers or responses are rejected and the Solicitation is cancelled without any announcement by the Procurement Officer of the City's intent to



SECTION I – INSTRUCTIONS

CITY OF PHOENIX

reissue the same or similar Solicitation. As long as the Solicitation is not discussed, Offerors may continue to conduct business with the City and discuss business that is unrelated to the Solicitation with the City staff who is not involved in the selection process.

- 19.2** Offerors may discuss their proposal or the Solicitation with the Mayor or one or more members of the Phoenix City Council, provided such meetings are scheduled through the Procurement Officer, and are posted as open meetings with the City Clerk at least 24 hours prior to the scheduled meetings. The City Clerk will be responsible for posting the meetings. The posted notice shall identify the participants and the subject matter, as well as invite the public to participate.
- 19.3** With respect to the selection of the successful Offerors, the City Manager and/or City Manager's Office will continue the past practice of exerting no undue influence on the process. In all Solicitations of bids and proposals, any direction on the selection from the City Manager and/or City Manager's Office and Department Head (or representative) to the proposal review panel or selecting authority must be provided in writing to all prospective Offerors.
- 19.4** This policy is intended to create a level playing field for all Offerors, assure that contracts are awarded in public, and protect the integrity of the selection process. **OFFERORS THAT VIOLATE THIS POLICY SHALL BE DISQUALIFIED.** After official Notice is received by the City for disqualification, the OFFEROR may follow the Protest process, unless the Solicitation is cancelled without notice of intent to re-issue.
- 19.5** "To discuss" means any contact by the OFFEROR, regardless of whether the City responds to the contact. Offerors that violate this policy shall be disqualified until Agreement(s) are awarded, or all offers or responses are rejected and the Solicitation is cancelled without any announcement by the Procurement Officer of the City's intent to reissue the same or a similar Solicitation. The City interprets the policy as continuing through a cancellation of a Solicitation until Council award of the contract, as long as the City cancels with a statement that the City will rebid the Solicitation.

20. PROTEST PROCESS:

- 20.1** Offeror may protest the contents of a Solicitation no later than seven days before the Solicitation deadline when the protest is based on an apparent alleged mistake, impropriety or defect in the Solicitation. Protests filed regarding the Solicitation may be addressed by an amendment to the Solicitation or denied by the City. If denied, the opening and award will proceed unless the City determines that it is in the City's best interests to set new deadlines, amend the Solicitation, cancel or re-bid.
- 20.2** Therefore, unless otherwise notified by a formal amendment, the Protester must adhere to all Solicitation dates and deadlines, including timely filing of an offer, regardless of filing a protest.



SECTION I – INSTRUCTIONS

CITY OF PHOENIX

- 20.3** Offeror may protest an adverse determination issued by the City regarding responsibility and responsiveness, within seven days of the date the Offeror was notified of the adverse determination.
- 20.4** Offeror may protest an award recommendation if the Offeror can establish that it had a substantial chance of being awarded the contract and will be harmed by the recommended award. The City will post recommendations to award the contract(s) to an Offeror on the City’s website. Offeror must submit award protests within seven days after the posting of the award recommendation, with exceptions only for good cause shown, within the City’s full and final discretion.
- 20.5** All protests will be in writing, filed with the Procurement Officer identified in the Solicitation, and include the following:
- Identification of the Solicitation number;
 - The name, address and telephone number of the protester
 - A detailed statement describing the legal and factual grounds for the protest, including copies of relevant documents;
 - The form of relief requested; and
 - The signature of the protester or its authorized representative.
- 20.6** The Procurement Officer will render a written decision within a reasonable period after the protest is filed. The City will not request City Council authorization to award the contract until the protest process is complete. All protests and appeals must be submitted in accordance with the City’s Procurement Code, (Phoenix City Code, Ch. 43), and administrative regulations and any protests or appeals not submitted within the time requirements will not be considered.

21. PUBLIC RECORD:

All Offers submitted in response to this invitation will become the property of the City and become a matter of public record available for review pursuant to Arizona State law. If an Offeror believes that a specific section of its Offer response is confidential, the Offeror will isolate the pages marked confidential in a specific and clearly labeled section of its Offer response. An Offeror may request specific information contained within its Offer is treated by the Procurement Officer as confidential provided the Offeror clearly labels the information “confidential.” To the extent necessary for the evaluation process, information marked as “confidential” will not be treated as confidential. Once the procurement file becomes available for public inspection, the Procurement Officer will not make any information identified by the Offerors as “confidential” available to the public unless necessary to support the evaluation process or if specifically requested in accordance with applicable public records law. When a public records request for such information is received, the Procurement Officer will notify an Offeror in writing of any request to view any portion of its Offer marked “confidential.” The Offeror will have the time set forth in the notice to obtain



SECTION I – INSTRUCTIONS

CITY OF PHOENIX

a court order enjoining such disclosure. If the Offeror does not provide the Procurement Officer with a court order enjoining release of the information during the designated time, the Procurement Officer will make the information requested available for inspection.

22. LATE OFFERS:

Late Offers must be rejected, except for good cause. If a late Offer is submitted, the Department will document the date and time of the submittal of the late Offer, keep the Offer and notify the Offeror that its Offer was disqualified for being a late Offer.

23. RIGHT TO DISQUALIFY:

The City reserves the right to disqualify any Offeror who fails to provide information or data requested or who provides materially inaccurate or misleading information or data. The City further reserves the right to disqualify any Offeror on the basis of any real or apparent conflict of interest that is disclosed by the Offeror submitted or any other data or information available to the City. This disqualification is at the sole discretion of the City. By submission of a Solicitation response, the Offeror waives any right to object now or at any future time, before any agency or body including, but not limited to, the City Council of the City or any court as to the exercise by the City of such right to disqualify or as to any disqualification by reason of real or apparent conflict of interest determined by the City. The City reserves the right to replace the disqualified Offeror.

24. CONTRACT AWARD:

The City reserves the right to award a contract by individual line items, by group, all or none, or any other combination most advantageous to the City.

25. EVALUATION OF COMPETITIVE SEALED OFFERS:

The City will use its discretion in applying the following processes to this Solicitation. Any ties in scoring will be resolved with a best and final price request and the lowest price will prevail.

26. DETERMINING RESPONSIVENESS AND RESPONSIBILITY:

26.1 Offers will be reviewed for documentation of minimum qualifications, completeness, and compliance with the Solicitation requirements. The City reserves sole discretion to determine responsiveness and responsibility.

26.2 Responsiveness: Nonresponsive Offers will not be considered in the evaluation process. The Solicitation states criteria that determine responsiveness, and the Solicitation includes terms and conditions that if included or excluded from Offers (as the case may be) will render an Offer nonresponsive.

26.3 Exceptions, conditions, reservations, or understandings are presumed to be unacceptable, and an Offer that includes unacceptable exceptions, conditions,



SECTION I – INSTRUCTIONS

CITY OF PHOENIX

reservations, or understandings may be rejected as nonresponsive. Alternatively, the City in its sole discretion may instruct in writing that any Offeror remove the conditions, exceptions, reservations or understandings. If the Offeror fails to do so in writing, the City may determine the Offer to be nonresponsive.

- 26.4 Responsibility:** To obtain true economy, the City must conduct Solicitations to minimize the possibility of a subsequent default by the Contractor, late deliveries, or other unsatisfactory performance that may result in additional administrative costs. It is important that the Offeror be a responsible contractor. Responsibility includes the Offeror's integrity, skill, capacity, experience, and facilities for conducting the work to be performed.
- 26.5** The Procurement Officer, in consultation with legal counsel, will review each Offer to determine if the Offeror is responsible. The City's determination as to whether an Offeror is responsible will be based on the information furnished by the Offeror, interviews (if any), any information at the City's request, information in any best and final offer, and information received from Offeror's references, including information about Offeror's past history, terminations for convenience or cause, contract breach lawsuits or notices of claim and any other sources the City deems appropriate. Award of the Contract resulting from the Solicitation will not be made until any necessary investigation, which each Offeror agrees to permit by submitting its Offer, is made by the City as it deems necessary. A review of responsibility may occur up to contract award.
- 26.6** The Offeror's unreasonable failure to promptly supply information in connection with an inquiry with respect to responsibility may be grounds for a determination of non-responsibility with respect to such Offeror.

27. DETAILED EVALUATION OF OFFERS AND DETERMINATION OF COMPETITIVE RANGE:

During deliberations, the Evaluation Panel will reach a consensus score for each evaluation criterion except price. The Procurement Officer will score the price, which will be added to the overall consensus score. The overall consensus scores will determine the Offerors' rankings and which Offers are within the Competitive Range, when appropriate.

28. OFFERS NOT WITHIN THE COMPETITIVE RANGE:

The City may notify Offerors of Offers that the City determined are not in the Competitive Range.

29. DISCUSSIONS WITH OFFERORS IN THE COMPETITIVE RANGE:

The City will notify each Offeror whose Offer is in the Competitive Range or made the 'short list' and provide in writing any questions or requests for clarification to the Offeror. Each Offeror so notified may be interviewed by the City and asked to discuss answers to written or oral questions or provide clarifications to any facet of its Offer.



SECTION I – INSTRUCTIONS

CITY OF PHOENIX

The Offerors in the competitive range may be required to provide a demonstration of their product.

29.1 Demonstrations - Offerors in the competitive range may be invited to construct a hands-on sample or presentation of their solution at the City of Phoenix. In addition, each finalist may prepare and deliver a presentation of their proposed solution based on the script developed by the evaluation panel. The City may also require a hands-on lab demonstration designed specifically for the evaluation panel. The results of the surveys will be tabulated and delivered to the evaluation team for the final review and solution selection session(s).

29.2 If an Offer in the Competitive Range contains conditions, exceptions, reservations or understandings to or about any Contract or Solicitation requirement, the City may discuss or negotiate the conditions, exceptions, reservations or understandings during these meetings. But the City in its sole discretion may reject any and all conditions, exceptions, reservations and understandings, and the City may instruct any Offeror to remove the conditions, exceptions, reservations or understandings. If the Offeror fails to do so, the City may determine the Offer is nonresponsive, and the City may revoke its determination that the Offer is in the Competitive Range.

29.3 To the fullest extent permitted by law, the City will not provide any information, financial or otherwise, to any Offeror about other Offers received in response to this Solicitation. During discussions with Offerors in the Competitive Range, the City will not give Offerors specific prices or specific financial requirements that Offerors must meet to qualify for further consideration. The City may state that proposed prices are too high with respect to the marketplace or otherwise unacceptable. Offerors will not be told of their relative rankings before Contract award.

30. BEST AND FINAL OFFERS (BAFO):

30.1 A BAFO is an option available for negotiations. Each Offeror in the Competitive Range, which is determined in the City's sole discretion, may be afforded the opportunity to amend its Offer and make one BAFO.

30.2 If an Offeror's BAFO modifies its initial Offer, the modifications must be identified in the BAFO. The City will evaluate BAFOs based on the same requirements and criteria applicable to initial Offers. The City will adjust appropriately the initial scores for criteria that have been affected by Offer modifications made by a BAFO. Based on the criteria defined in the Solicitation as weighted, the City will then perform final scoring and prepare final rankings.

30.3 The Evaluation Panel will recommend the Offer that is the best value and most advantageous to the City based on the evaluation criteria.

30.4 The City reserves the right to make an award to an Offeror whose Offer is the highest rated, best value, and most advantageous to the City based on the evaluation criteria, without conducting written or oral discussions with any Offeror, without negotiations, and without soliciting BAFOs.



SECTION I – INSTRUCTIONS

CITY OF PHOENIX

31. STATEMENT OF BONDING ABILITY:

Offerors must submit a letter from a bonding or insurance company stating that the Offeror can qualify for and procure the performance and/or payment surety required in this Solicitation. Submittals received without the required statement of ability to secure a performance or payment surety may be considered as non-responsive. Offerors anticipating the submittal of a cash surety in lieu of a bond should submit a statement notifying the City.

32. PERFORMANCE BOND:

A performance surety in the amount of 10% of the total contract amount shall be provided by the Contractor within 10 days after the notice of award. The City of Phoenix will not issue a written purchase order or give notice to proceed in any form until the surety is received by the procurement officer. The performance surety must be in the form of a bond, cashier's check, certified check or money order. Personal or company checks are not acceptable unless certified. If surety is in the form of a bond, the company issuing the surety must be authorized by the Insurance Department of Arizona to transact business in the State of Arizona or be named on the approved listing of non-admitted companies. A Certificate of Deposit (CD) issued by a local Phoenix bank may also be used as a form of surety provided that the CD is issued jointly in the name of the City of Phoenix and the Contractor, and that the Contractor endorses the CD over to the City at the beginning of the contract period. Interest earnings from the CD can be retained by the Contractor.



**SECTION II – PROFESSIONAL SERVICES
CONSULTING AGREEMENT**

CITY OF PHOENIX

SECTION II – PROFESSIONAL SERVICES CONSULTING AGREEMENT

**PHARMACY BENEFIT MANAGEMENT SERVICES
PROFESSIONAL SERVICES CONSULTING AGREEMENT**

AGREEMENT NO. _____

Margie Vasquez, Procurement Officer
City of Phoenix Human Resources Department
251 W Washington Street, 7th Floor
Phoenix, Arizona 85003
Telephone: (602) 206-5081
Margie.Vasquez@phoenix.gov



**SECTION II – PROFESSIONAL SERVICES
CONSULTING AGREEMENT**

CITY OF PHOENIX

TABLE OF CONTENTS

1. TERM OF AGREEMENT:	1
2. PAYMENT	2
3. SCOPE OF WORK AND SUPPLEMENTAL TERMS AND CONDITIONS:	2
4. INDEMNIFICATION & INSURANCE REQUIREMENTS:	3
5. LAWFUL PRESENCE REQUIREMENT:.....	3
6. INDEPENDENT CONTRACTOR STATUS; EMPLOYMENT DISCLAIMER:.....	3
7. LEGAL WORKER REQUIREMENTS:.....	3
8. CONFIDENTIALITY AND DATA SECURITY:.....	4
9. CONTACTS WITH THIRD PARTIES:.....	5
10. SBE/ DBE UTILIZATION:	5
11. AUDIT/RECORDS:	5
12. COMPLIANCE WITH LAWS:	5
13. AMENDMENTS:.....	6
14. NO ORAL ALTERATIONS:	6
15. NOTICES:	6
16. INTEGRATION:.....	7
17. GOVERNING LAW; FORUM; VENUE:	7
18. FISCAL YEAR CLAUSE:.....	7
19. TERMINATION OR SUSPENSION OF SERVICES:.....	8
20. FINAL PAYMENT:	8
21. PROFESSIONAL COMPETENCY:.....	8
22. SPECIFIC PERFORMANCE:.....	9
23. FORCE MAJEURE:	9
24. DOCUMENTATION:	9



**SECTION II – PROFESSIONAL SERVICES
CONSULTING AGREEMENT**

CITY OF PHOENIX

25. RELEASE OF INFORMATION - ADVERTISING AND PROMOTION:	10
26. CONFLICTS OF INTEREST:	10
27. PUBLIC RECORDS:	11
28. CLAIMS OR DEMANDS AGAINST THE CITY:	11
29. WAIVER OF CLAIMS FOR ANTICIPATED PROFITS:.....	12
30. CONTINUATION DURING DISPUTES:.....	12
31. THIRD PARTY BENEFICIARY CLAUSE:	12
32. EQUAL EMPLOYMENT OPPORTUNITY AND PAY:	12
33. CONTRACT INTERPRETATION:.....	14
34. MISCELLANEOUS:	14
35. NO ISRAEL BOYCOTT:	14
36. PERFORMANCE BOND:.....	14
37. APPROVALS	15
EXHIBIT A – SCOPE OF WORK.....	i
EXHIBIT B – FEE SCHEDULE.....	1
EXHIBIT C - INDEMNIFICATION & INSURANCE REQUIREMENTS	62
EXHIBIT D - CONTRACTOR’S INSURANCE CERTIFICATE	67
EXHIBIT E - SUPPLEMENTAL TERMS AND CONDITIONS	68



**SECTION II – PROFESSIONAL SERVICES
CONSULTING AGREEMENT**

CITY OF PHOENIX

PROFESSIONAL SERVICES CONSULTING AGREEMENT

BETWEEN

THE CITY OF PHOENIX AND

LEGAL NAME OF CONTRACTOR

This **AGREEMENT** is made and entered into this **1st day of January, 2024**, (“the Effective Date”), or as of the City Clerk date, whichever is later, by and between the City of Phoenix, Arizona, a municipal corporation of the State of Arizona (hereinafter referred to as “City”) and Legal name of contractor, (hereinafter referred to as “Contractor”).

RECITALS

1. The City Manager of the City of Phoenix, Arizona, is authorized by the provisions of the City Charter to execute Agreements for Professional Services.
2. The City desires to obtain the Services that are specifically set forth in this Agreement.
3. The City procured these professional Services in accordance with the Phoenix City Code and Administrative Regulation 3.10.
4. Contractor possesses the skills and expertise necessary to provide such Services as desired by the City.
5. This Agreement is authorized by the City Council (Ordinance Number and Agenda Number if applicable) on Date.

NOW, THEREFORE, it is agreed by and between the parties as follows:

1. TERM OF AGREEMENT:

- 1.1 This Agreement begins on the Effective Date in the above introductory paragraph, and upon approval by the City, for a period of five (5) years.
- 1.2 This Agreement will terminate upon the earliest occurrence of any of the following:
 - 1.2.1 reaching the end of the term exercised as set forth in 1.1;
 - 1.2.2 completing the Services set forth in the Scope of Work attached as *EXHIBIT A – SCOPE OF WORK* (the “Services”) and the attachments thereto;



SECTION II – PROFESSIONAL SERVICES CONSULTING AGREEMENT

CITY OF PHOENIX

- 1.2.3 payment of the maximum compensation under Paragraph 2 of this Agreement; or
- 1.2.4 termination pursuant to the provisions of this Agreement.

2. PAYMENT

- 2.1. The total amount to be remitted by the City to Contractor for all Services satisfactorily performed under this Agreement will not exceed an aggregate amount of \$(Enter amount) for the term of the agreement including reasonable and necessary expenses, if approved in advance by the City and included in the Fee Schedule EXHIBIT B. Under this Agreement, the City will pay for Services at the rate(s) specified in the Fee Schedule, with no additional charges for overhead, benefits, local travel or administrative support. Payments will be made in proportion to the Services performed and no more than 90% of the total contract price will be paid before the work is totally completed and accepted by the City.
- 2.2. Contractor will submit monthly invoices on or before the 10th calendar day of every month. Contractor will submit invoices to the City for claims and Administrative Fees separately. Claims will be invoiced bi-monthly with payment required within 10 days. Each invoice will be accompanied with itemized receipts. The invoice will be submitted free of mathematical errors and/or missing supporting documentation. All appropriate documentation will be provided that supports the charges reflected in the monthly invoice. Upon finding of an error and/or missing documentation, the City will return the invoice to the Contractor. Contractor will promptly resubmit the revised invoice to the City. Each revised invoice will document the date that the revised invoice is submitted to the City. Requests for payment must be submitted with documentation of dates and hours worked, hourly rate charged, and a detailed description of the Services performed. Failure of City to identify an error does not waive any of the City's rights.
- 2.3. Invoices will be submitted to: City of Phoenix Human Resources Department, Benefits Division, Deputy Human Resources Director, 251 W Washington St 7th Floor, Phoenix, AZ 85003.

Invoices will be submitted to:

Email Invoices to:

Debra.Payan@phoenix.gov; and

Additional email addresses as requested by the City

3. SCOPE OF WORK AND SUPPLEMENTAL TERMS AND CONDITIONS:

Contractor will provide Services that will be in accordance with the Scope of Work as set forth in *EXHIBIT A – SCOPE OF WORK*, which may be supplemented with additional detail from time to time during the term of the Agreement, and that are satisfactory to the City. In performing these Services, Contractor will also specifically



SECTION II – PROFESSIONAL SERVICES CONSULTING AGREEMENT

CITY OF PHOENIX

comply with the applicable Supplemental Terms and Conditions that are set forth in *EXHIBIT E*. Contractor will provide monthly and quarterly reports to the respective Trustees according to a mutually agreed-upon schedule.

4. INDEMNIFICATION & INSURANCE REQUIREMENTS- See EXHIBIT C

5. LAWFUL PRESENCE REQUIREMENT:

Pursuant to A.R.S. §§ 1-501 and -502, the City of Phoenix is prohibited from awarding a contract to any natural person who cannot establish that he or she is lawfully present in the United States. In order to establish lawful presence, this person must produce qualifying identification and sign a City-provided affidavit affirming that the identification provided is genuine. This requirement will be imposed at the time of contract award. In the event the prevailing responder is unable to satisfy this requirement, the City will offer the award to the next-highest scoring responder. The law does not apply to fictitious entities such as corporations, partnerships and limited liability companies.

6. INDEPENDENT CONTRACTOR STATUS; EMPLOYMENT DISCLAIMER.

6.1 The parties agree that Contractor is providing the Services under this Agreement on a part-time and/or temporary basis and that the relationship created by this Agreement is that of independent contractors. Neither Contractor nor any of Contractor's agents, employees or helpers will be deemed to be the employee, agent, or servant of the City. The City is only interested in the results obtained under this Agreement; the manner, means and mode of completing the same are under the sole control of Contractor.

6.2 This Agreement is not intended to constitute, create, give rise to, or otherwise recognize a joint venture, partnership or formal business association or organization of any kind, and the rights and obligations of the parties will be only those expressly set forth in this Agreement. The parties agree that no individual performing under this Agreement on behalf of Contractor will be considered a City employee, and that no rights of City Civil Service, City retirement or City personnel rules will accrue to such individual. Contractor will have total responsibility for all salaries, wages, bonuses, retirement, withholdings, worker's compensation, other employee benefits, and all taxes and premiums appurtenant thereto concerning such individuals and will save and hold harmless the City with respect thereto.

7. LEGAL WORKER REQUIREMENTS:

The City is prohibited by Arizona Revised Statutes § 41-4401 from awarding an agreement to any Contractor who fails, or whose subcontractors fail, to comply with Arizona Revised Statutes § 23-214(A). Therefore, Contractor agrees that:



SECTION II – PROFESSIONAL SERVICES CONSULTING AGREEMENT

CITY OF PHOENIX

- Contractor and each subcontractor it uses warrants their compliance with all federal immigration laws and regulations that relate to their employees and their compliance with Arizona Revised Statutes § 23-214, subsection A.
- A breach of warranty herein will be deemed a material breach of the Agreement and is subject to penalties up to and including termination of the Agreement.
- The City retains the legal right to inspect the papers of the Contractor or subcontractor employee(s) who work(s) on this Agreement to ensure that Contractor or subcontractor is complying with the warranty herein.

8. CONFIDENTIALITY AND DATA SECURITY (Involving PII or PCI or financial information)

- 8.1** All data, regardless of form, including originals, images and reproductions, prepared by, obtained by, or transmitted to Contractor in connection with this Agreement is confidential, proprietary information owned by the City. Except as specifically provided in this Agreement, the Contractor shall not disclose data generated in the performance of the Services to any third person without the prior written consent of the City Manager or his/her designee.
- 8.2** Personal identifying information, financial account information, or restricted City information, whether electronic format or hard copy, must be secured and protected at all times to avoid unauthorized access. At a minimum, Contractor must encrypt and/or password-protect electronic files. This includes data saved to laptop computers, computerized devices or removable storage devices. When personal identifying information, financial account information, or restricted City information, regardless of its format, is no longer necessary, the information must be redacted or destroyed through appropriate and secure methods that ensure the information cannot be viewed, accessed, or reconstructed.
- 8.3** In the event that data collected or obtained by the Contractor in connection with this Agreement is believed to have been compromised, Contractor will notify the City Privacy Officer immediately. Contractor agrees to reimburse the City for any costs incurred by the City to investigate potential breaches of this data and, where applicable, the cost of notifying individuals who may be impacted by the breach.
- 8.4** Contractor agrees that the requirements of this Section will be incorporated into all subcontractor agreements entered into by the Contractor. It is further agreed that a violation of this Section will be deemed cause irreparable harm that justifies injunctive relief in court. A violation of this Section may result in immediate termination of this Agreement without notice.
- 8.5** The obligations of Contractor under this Section shall survive the termination of this Agreement.



SECTION II – PROFESSIONAL SERVICES CONSULTING AGREEMENT

CITY OF PHOENIX

9. CONTACTS WITH THIRD PARTIES:

- 9.1** Contractor or its subcontractors will not contact third parties to provide any information in connection to the Services provided under this Agreement without the prior written consent of the City. Should Contractor or its subcontractors be contacted by any person requesting information or requiring testimony relative to the Services provided under this Agreement or any other prior or existing Agreement with the City, Contractor or its subcontractors will promptly inform the City giving the particulars of the information sought and will not disclose such information or give such testimony without the written consent of the City or court order. The obligations of Contractor and its subcontractors under this Section will survive the termination of this Agreement.
- 9.2** Contractor agrees that the requirements of this Section will be incorporated into all subcontractor agreements entered into by the Contractor. It is further agreed that a violation of this Section will be deemed to cause irreparable harm that justifies injunctive relief in court. A violation of this Section may result in immediate termination of this Agreement without notice.

10. SBE/ DBE UTILIZATION:

The City extends to each individual, firm, vendor, supplier, contractor and subcontractor an equal economic opportunity to compete for City business and strongly encourages voluntary utilization of small and/or disadvantaged businesses to reflect both the industry and community ethnic composition. The use of such businesses is encouraged whenever practical.

11. AUDIT/RECORDS:

- 11.1** The City reserves the right, at reasonable times, to audit Contractor's books and records relative to the performance of service under this Agreement. All records pertaining to this Agreement will be kept on a generally accepted accounting basis for a period of six years following termination of the Agreement.
- 11.2** If, following an audit of this Agreement, the audit discloses the Contractor has provided false, misleading, or inaccurate cost and pricing data, and the cost discrepancies exceed 1% of the total Agreement billings, the Contractor will be liable for reimbursement of the reasonable, actual cost of the audit.

12. COMPLIANCE WITH LAWS:

Contractor will comply with all existing and subsequently enacted federal, state and local laws, ordinances, codes, and regulations that are, or become applicable to this Agreement. If a subsequently enacted law imposes substantial additional costs on Contractor, a request for an amendment may be submitted pursuant to this Agreement.



**SECTION II – PROFESSIONAL SERVICES
CONSULTING AGREEMENT**

CITY OF PHOENIX

13. AMENDMENTS:

Whenever an addition, deletion or alteration to the Services described in *EXHIBIT A – SCOPE OF WORK* substantially changes the Scope of Work thereby materially increasing or decreasing the cost of performance, a supplemental agreement must first be approved in writing by the City and Contractor before such addition, deletion or alteration will be performed. Changes to the Services may be made and the compensation to be paid to Contractor may be adjusted by mutual agreement, but in no event may the compensation exceed the amount authorized without further written authorization. It is specifically understood and agreed that no claim for extra work done or materials furnished by Contractor will be allowed except as provided herein, nor will Contractor do any work or furnish any materials not covered by this Agreement unless first authorized in writing. Any work or materials furnished by Contractor without prior written authorization will be at Contractor's risk, cost and expense, and Contractor agrees to submit no claim for compensation or reimbursement for additional work done or materials furnished without prior written authorization.

14. NO ORAL ALTERATIONS:

No alteration or variation of the terms of this Agreement will be binding on the parties herein unless such alteration or variation is in writing and signed by each of the parties to this Agreement. No oral understanding or agreement not incorporated in this Agreement will be binding on any of the parties herein.

15. NOTICES:

15.1 Any notice, consent or other communication ("Notice") required or permitted under this Agreement will be in writing and either: (1) delivered in person; (2) sent via e-mail, return receipt requested; (3) sent via facsimile transmission; (4) deposited with any commercial air courier or express delivery service; or (5) deposited in the United States mail, postage prepaid.

If to Contractor:

Legal name and address of contractor.

If to City:

Debra Payan
City of Phoenix Human Resources Department
Benefits Division
251 W Washington St, 7th Floor
Phoenix, Arizona 85003
Telephone: (602) 262-1618
Debra.Payan@phoenix.gov



**SECTION II – PROFESSIONAL SERVICES
CONSULTING AGREEMENT**

CITY OF PHOENIX

15.2 Notice will be deemed received: (1) at the time it is personally served; (2) on the day it is sent via e-mail; (3) on the day it is sent by facsimile transmission; (4) on the second day after its deposit with any commercial air courier or express delivery service; or (5) five business days after the Notice is deposited in the United States mail as above provided. Any time period stated in a Notice will be computed from the time the Notice is deemed received.

15.3 Notices sent by e-mail and facsimile transmission will also be sent by regular mail to the recipient at the above address. This requirement for duplicate Notice is not intended to change the effective date of the Notice sent by e-mail or facsimile transmission.

16. INTEGRATION:

This Agreement constitutes and embodies the full and complete understanding and agreement of the parties hereto and supersedes all prior understandings, agreements, discussions, proposals, bids, negotiations, communications, and correspondence, whether oral or written. No representation, promise, inducement or statement of intention has been made by any party hereto which is not embodied in this Agreement, and no party will be bound by or liable for any statement of intention not so set forth.

17. GOVERNING LAW; FORUM; VENUE:

This Agreement is executed and delivered in the State of Arizona, and the substantive laws of the State of Arizona (without reference to choice of law principles) will govern their interpretation and enforcement. Any action brought to interpret or enforce any provision of this Agreement that cannot be administratively resolved, or otherwise related to or arising from this Agreement, will be commenced and maintained in the state or federal courts of the State of Arizona, Maricopa County, and each of the parties, to the extent permitted by law, consents to jurisdiction and venue in such courts for such purposes.

18. FISCAL YEAR CLAUSE:

The City's fiscal year begins July 1st and ends June 30th each calendar year. The City may make payment for Services rendered or costs encumbered only during a fiscal year and for a period of 60 days immediately following the close of the fiscal year, under the provisions of Arizona Revised Statutes §42-17108. Therefore, Contractor must submit billings for Services performed or costs incurred prior to the close of a fiscal year within ample time to allow payment within this 60-day period.



**SECTION II – PROFESSIONAL SERVICES
CONSULTING AGREEMENT**

CITY OF PHOENIX

19. TERMINATION OR SUSPENSION OF SERVICES:

19.1 City's Right to Terminate:

The City reserves the right to terminate this Agreement without cause, or to abandon the Services, or any part of the Services not then completed, by notifying Contractor in writing. Immediately upon receiving a written notice to terminate or suspend Services, Contractor will:

- Discontinue advancing the work in progress, or such part that is described in the notice.
- Deliver to the City all collected raw data, draft reports, preliminary reports, working papers, estimates and forecasts entirely or partially completed, together with all unused materials supplied by the City.
- Appraise the work it has completed and submit its appraisal to the City for evaluation.
- Be paid in full the pro rata value for Services performed to the date of its receipt of the Notice of Termination, including reimbursement for all reasonable costs and expenses incurred by Contractor in terminating the work, including demobilization of field service. No payment will be made for loss of anticipated profits or unperformed Services.

20. FINAL PAYMENT:

20.1 PAYMENT: The City will make final payment for all Services performed and accepted within 60 days after Contractor has delivered to the City any final progress reports, documentation, materials and evidence of costs and disbursement as required under this Agreement. Any use by the City of preliminary reports, raw data or other incomplete material returned by Contractor will be at the City's sole risk for such use.

20.2 TEMPORARY SUSPENSION: The City may, by written notice, direct Contractor to suspend performance on all or any part of the Services for such period of time as may be determined by the City to be necessary or desirable for its convenience. If such suspension causes additional expense to Contractor in performance, and not due to fault or negligence of Contractor, the payment will be adjusted on the basis of actual costs resulting directly from the suspension, and the period for performance of the Services will be extended by mutual agreement. Any claim by Contractor for a price adjustment must be supported by appropriate documentation asserted promptly after Contractor has been notified to suspend performance.

21. PROFESSIONAL COMPETENCY:

21.1 QUALIFICATIONS: Contractor represents that it is familiar with the nature and extent of this Agreement, the Services, and any conditions that may affect its performance under this Agreement. Contractor further represents that it is fully experienced and properly qualified, is in compliance with all applicable license



**SECTION II – PROFESSIONAL SERVICES
CONSULTING AGREEMENT**

CITY OF PHOENIX

requirements, and is equipped, organized, and financed to perform such Services.

21.2 LEVEL OF CARE AND SKILL: Services provided by Contractor will be performed in a manner consistent with that level of care and skill ordinarily exercised by members of Contractor’s profession currently practicing in the same industry under similar conditions. Acceptance or approval by the City of Contractor’s work will in no way relieve Contractor of liability to the City for damages suffered or incurred arising from the failure of Contractor to adhere to the aforesaid standard of professional competence.

22. SPECIFIC PERFORMANCE:

Contractor agrees that in the event of a breach by Contractor of any material provision of this Agreement, the City will, upon proper action instituted by it, be entitled to a decree of specific performance thereof according to the terms of this Agreement. In the event the City will elect to treat any such breach on the part of Contractor as a discharge of the Agreement, the City may nevertheless maintain an action to recover damages arising out of such breach. This paragraph is not intended as a limitation of such other remedies as may be available to the City under law or equity.

23. FORCE MAJEURE:

Contractor will not be responsible or liable for, or deemed in breach hereof because of any delay in the performance of its obligations hereunder to the extent caused by circumstances beyond its control, without its fault or negligence, and that could not have been prevented by the exercise of due diligence, including but not limited to fires, natural disasters, riots, wars, unavoidable and unforeseeable site conditions, failure of the City to provide data within the City’s possession or to make necessary decisions or provide necessary comments in connection with any required reports prepared by Contractor in connection with the Services and the unforeseeable inability to obtain necessary site access, authorization, permits, licenses, certifications and approvals (such causes hereafter referred to as “Force Majeure”).

24. DOCUMENTATION:

24.1 DISSEMINATION AND RETENTION: There will be no dissemination or publication of any information gathered, or documents prepared in the course of the performance of the Services without the prior written consent of the City. Should the City, upon advice of counsel, deem it necessary, due to existing or anticipated litigation, to assert a legal privilege of protection and non-disclosure with regard to the subject matter of this Agreement, then, and in that event, upon written demand, Contractor will relinquish to the possession and control of the City its entire file related to this Agreement and only those portions of



SECTION II – PROFESSIONAL SERVICES CONSULTING AGREEMENT

CITY OF PHOENIX

said file deemed by the City to be not privileged will be returned to Contractor pending the resolution of the existing or anticipated litigation.

24.2 FORMAT AND QUALITY: All documents prepared by Contractor will be prepared in a format and at a quality approved by the City.

24.3 DOCUMENT REVIEW: Contractor will review all documents provided by the City related to the performance of the Services and will promptly notify the City of any defects or deficiencies discovered in such review.

24.4 SUBMITTALS: Contractor will provide timely and periodic submittals of all documents required of Contractor, including subcontracts, if any, as such become available to the City for review.

25. RELEASE OF INFORMATION - ADVERTISING AND PROMOTION:

Contractor will not publish, release, disclose or announce to any member of the public, press, official body, or any other third party: (1) any information concerning this Agreement, the Services, or any part thereof; or (2) any documentation or the contents thereof, without the prior written consent of the City, except as required by law. The name of any site on which Services are performed will not be used in any advertising or other promotional context by Contractor without the prior written consent of the City.

26. CONFLICTS OF INTEREST:

26.1 Contractor acknowledges that, to the best of its knowledge, information and belief, no person has been employed or retained to solicit or secure this Agreement upon a promise of a commission, percentage, brokerage, or contingent fee, and that no member of the Phoenix City Council or any employee of the City has any financial interest in the consulting firm. For breach of violation of this warranty, the City will have the right to annul this Agreement without liability, including any such commission, percentage, brokerage or contingent fee.

26.2 The City reserves the right to immediately terminate the contract in the event that the City determines that Contractor has an actual or apparent conflict of interest.

26.3 Upon a finding by the City that gratuities in the form of entertainment, gifts or inducements were offered or given by Contractor, or any agent or representative of Contractor, to any officer or employee of the City for the purpose of securing this Agreement, or securing favorable treatment with respect to the awarding, amending, or making of any determination with respect to the performance of this Agreement, the City may, by one calendar day written notice to Contractor, terminate the right of Contractor to proceed under this Agreement, provided that the existence of the facts upon which the City made such finding will be an issue and may be litigated in an Arizona court of competent jurisdiction. In the event of such termination, the City will be entitled



**SECTION II – PROFESSIONAL SERVICES
CONSULTING AGREEMENT**

CITY OF PHOENIX

to the same remedies against Contractor as could be pursued in the event of default by Contractor.

26.4 This Agreement is subject to the requirements of Arizona Revised Statutes §38-511.

27. PUBLIC RECORDS:

27.1 Notwithstanding any provisions of this Agreement regarding confidentiality, secrets, or protected rights, the Contractor acknowledges that all documents provided to the City may be subject to disclosure by laws related to open public records. Consequently, the Contractor understand that disclosure of some or all of the items subject to this Agreement may be required by law.

27.2 In the event City receives a request for disclosure that is reasonably calculated to incorporate information that might be considered confidential by Contractor, the City agrees to provide the Contractor with notice of that request, which shall be deemed given when sent via email or deposited by the City with the USPS for regular delivery to the address of the Contractor specified in their proposal. Within ten days of notice by the City, the Contractor will inform the City in writing of any objection by the Contractor to the disclosure of the requested information and obtain a court order enjoining such disclosure. Failure by the Contractor to object timely and obtain an order enjoining disclosure in the time specified in the notice shall be deemed waiver of any objection and any remedy against the City for disclosure.

27.3 The Contractor agrees to handle all aspects related to request, including properly communicating with the requestor and timely responding with information the disclosure of which the Contractor does not object thereto and procuring a court order enjoining disclosure of information the Contractor deems confidential. Furthermore, the Contractor agrees to indemnify and hold harmless the City from any claims, actions, lawsuits, or any other controversy or remedy, in whatever form, that arises from the failure to comply with the request for information and the laws pertaining to public records, including defending the City in any legal action and payment of any penalties or judgments. This provision shall survive the termination of this Agreement.

28. CLAIMS OR DEMANDS AGAINST THE CITY:

28.1 Contractor acknowledges and accepts the provisions of Chapter 18, Section 14 of the Charter of the City of Phoenix, pertaining to claims or demands against the City, including provisions therein for set-off of indebtedness to the City against demands on the City, and Contractor agrees to adhere to the prescribed procedure for presentation of claims and demands. Nothing in Chapter 18, Section 14 of the Charter of the City of Phoenix alters, amends or modifies the supplemental and complementary requirements of the State of Arizona Notice of Claim statutes, Arizona Revised Statutes §§ 12-821 and 12-821.01, pertaining to claims or demands against the City. If for any reason it is



SECTION II – PROFESSIONAL SERVICES CONSULTING AGREEMENT

CITY OF PHOENIX

determined that the City Charter and state law conflict, then state law will control.

28.2 Moreover, nothing in this Agreement will constitute a dispute resolution process, an administrative claims process, or contractual term as used in Arizona Revised Statutes § 12-821.01(C), sufficient to affect the date on which the cause of action accrues within Arizona Revised Statutes § 12-821.01(A) and (B).

29. WAIVER OF CLAIMS FOR ANTICIPATED PROFITS:

Contractor waives any claims against the City and its officers, officials, agents and employees for loss of anticipated profits caused by any suit or proceeding, directly or indirectly, involving any part of this Agreement.

30. CONTINUATION DURING DISPUTES:

30.1 Contractor agrees as a condition of this Agreement that in the event of any dispute between the parties, provided no Notice of Termination has been given by the City, and if it is feasible under the terms of this Agreement each party will continue to perform the obligations not related to the dispute required of it during the resolution of such dispute, unless enjoined or prohibited by a court of competent jurisdiction.

30.2 Failure or delay by either party to exercise any right, power or privilege specified in or appurtenant to this Agreement will not be deemed a waiver.

31. THIRD PARTY BENEFICIARY CLAUSE:

The parties expressly agree that this Agreement is not intended by any of its provisions to create any right of the public or any member thereof as a third-party beneficiary nor to authorize anyone not a party to this Agreement to maintain a suit for personal injuries or property damage pursuant to the terms or provisions of this Agreement.

32. EQUAL EMPLOYMENT OPPORTUNITY AND PAY:

32.1 In order to do business with the City, contractor must comply with Phoenix City Code, 1969, Chapter 18, Article V, as amended, Equal Employment Opportunity requirements. Contractor will direct any questions in regard to these requirements to the equal opportunity department, (602) 262-6790.

32.2 For a contractor with 35 employees or fewer: contractor in performing under this agreement shall not discriminate against any worker, employee or applicant, or any member of the public, because of race, color, religion, sex, national origin, age, or disability, nor otherwise commit an unfair employment practice. The Contractor will ensure that applicants are employed, and employees are dealt with during employment without regard to their race, color, religion, sex, national origin, age, or disability. Such action shall include but not be limited to the following: employment, promotion, demotion or transfer,



SECTION II – PROFESSIONAL SERVICES CONSULTING AGREEMENT

CITY OF PHOENIX

- recruitment or recruitment advertising, layoff or termination; rates of pay or other forms of compensation; and selection for training; including apprenticeship. The Contractor further agrees that this clause will be incorporated in all subcontracts related to this agreement that involve furnishing skilled, unskilled and union labor, or who may perform any such labor or Services in connection with this agreement. Contractor further agrees that this clause will be incorporated in all subcontracts, contractor agreements or subleases of this agreement entered into by supplier/lessee.
- 32.3** For a contractor with more than 35 employees: Contractor in performing under this agreement shall not discriminate against any worker, employee or applicant, or any member of the public, because of race, color, religion, sex, national origin, age, or disability, nor otherwise commit an unfair employment practice. The Contractor will ensure that applicants are employed, and employees are dealt with during employment without regard to their race, color, religion, sex, national origin, age, or disability, and shall adhere to a policy to pay equal compensation to men and women who perform jobs that require substantially equal skill, effort, and responsibility, and that are performed within the same establishment under similar working conditions. Such action shall include but not be limited to the following: employment, promotion, demotion or transfer, recruitment or recruitment advertising, layoff or termination; rates of pay or other forms of compensation; and selection for training; including apprenticeship. The Contractor further agrees that this clause will be incorporated in all subcontracts with all labor organizations furnishing skilled, unskilled and union labor, or who may perform any such labor or Services in connection with this Agreement. Contractor further agrees that this clause will be incorporated in all subcontracts, job-contractor agreements or subleases of this agreement entered into by supplier/lessee. The Contractor further agrees not to discriminate against any worker, employee or applicant, or any member of the public, because of sexual orientation or gender identity or expression and shall ensure that applicants are employed, and employees are dealt with during employment without regard to their sexual orientation or gender identity or expression.
- 32.4 DOCUMENTATION:** Suppliers and lessees may be required to provide additional documentation to the equal opportunity department affirming that a nondiscriminatory policy is being utilized.
- 32.5 MONITORING:** The Equal Opportunity Department shall monitor the employment policies and practices of suppliers and lessees subject to this article as deemed necessary. The Equal Opportunity Department is authorized to conduct on-site compliance reviews of selected firms, which may include an audit of personnel and payroll records, if necessary.



SECTION II – PROFESSIONAL SERVICES CONSULTING AGREEMENT

CITY OF PHOENIX

33. CONTRACT INTERPRETATION:

33.1 APPLICABLE LAW:

This Agreement will be governed by the law of the State of Arizona, and suits pertaining to this Agreement will be brought only in Federal or State courts in Maricopa County, State of Arizona.

33.2 CONTRACT ORDER OF PRECEDENCE: In the event of a conflict in the provisions of the Contract, as accepted by the City and as they may be amended, the following will prevail in the order set forth below:

33.2.1. Professional Services Agreement Standard Terms and Conditions

33.2.2. Exhibit E Supplemental terms and Conditions

33.2.3. Exhibit C and D Insurance and Indemnification Terms and Insurance Certificate

33.2.4. Exhibit A and B Statement of Scope of Work and Fee Schedule

33.3 SEVERABILITY: The provisions of this Agreement are severable to the extent that any provision or application held to be invalid will not affect any other provision or application of the contract which may remain in effect without the invalid provision or application.

33.4 PAROL EVIDENCE: This Agreement is intended by the parties as a final expression of their agreement and is intended also as a complete and exclusive statement of the terms of this agreement. No course of prior dealings between the parties and no usage in the trade will be relevant to supplement or explain any term used in this Agreement. Acceptance or acquiescence in a course of performance rendered under this Agreement will not be relevant to determine the meaning of this Agreement even though the accepting or acquiescing party has knowledge of the nature of the performance and opportunity to object.

34. MISCELLANEOUS

34.1 ORGANIZATION – EMPLOYMENT DISCLAIMER: The Agreement resulting hereunder is not intended to constitute, create, give rise to or otherwise recognize a joint venture agreement or relationship, partnership or formal business organization of any kind, and the rights and obligations of the parties will be only those expressly set forth in the agreement. The parties agree that no persons supplied by the Contractor in the performance of Contractor's obligations under the agreement are considered to be City's employees and that no rights of City Civil Services, retirement or personnel rules accrue to such persons. The Contractor will have total responsibility for all salaries, wage bonuses, retirement, withholdings, workmen's compensation, occupational disease compensation, unemployment compensation, other employee benefits and all taxes and premiums appurtenant thereto concerning such persons, and will save and hold the City harmless with respect there.

34.2 COUNTERPARTS. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same Agreement.



SECTION II – PROFESSIONAL SERVICES CONSULTING AGREEMENT

CITY OF PHOENIX

34.3 FACSIMILE OR ELECTRONIC SIGNATURES. Either or all parties may execute this Agreement by facsimile or other scanned or electronic signature, and any such facsimile or other scanned or electronic signature shall be deemed an original signature.

34.4 NON-WAIVER OF LIABILITY: The City of Phoenix as a public entity supported by tax monies, in execution of its public trust, cannot agree to waive any lawful or legitimate right to recover monies lawfully due it. Therefore, any Contractor agrees that it will not insist upon or demand any statement whereby the City agrees to limit in advance or waive any right the City might have to recover actual lawful damages in any court of law under applicable Arizona law.

35. NO ISRAEL BOYCOTT:

By entering into this Agreement, the Contractor certifies that they are not currently engaged in, and agrees for the duration of the Agreement to not engage in, a boycott of goods or Services from Israel.

36. PERFORMANCE BOND:

A performance surety in the amount of 10% of the total contract amount shall be provided by the Contractor immediately after notice of award. The City of Phoenix will not issue a written purchase order or give notice to proceed in any form until the surety is received by the Procurement Officer. The performance surety must be in the form of a bond, cashier's check, certified check or money order. Personal or company checks are not acceptable unless certified. If surety is in the form of a bond, the company issuing the surety must be authorized by the Insurance Department of Arizona to transact business in the State of Arizona or be named on the approved listing of non-admitted companies. A Certificate of Deposit (CD) issued by a local Phoenix bank may also be used as a form of surety provided that the CD is issued jointly in the name of the City of Phoenix and the Contractor, and that the Contractor endorses the CD over to the City at the beginning of the contract period. Interest earnings from the CD can be retained by the Contractor.



**SECTION II – PROFESSIONAL SERVICES
CONSULTING AGREEMENT**

CITY OF PHOENIX

37. APPROVALS

IN WITNESS WHEREOF, the parties herein have caused this Agreement to be executed, effective as of the date in the first paragraph (the “Effective Date”);

CITY OF PHOENIX, a municipal corporation

JEFFREY BARTON, City Manager

By: _____
Name: _____
Title: Human Resources Director

ATTEST:

City Clerk

Date

APPROVED AS TO FORM,
CRIS MEYER, City Attorney

By: _____
Name: _____
Title: _____

If your company is a corporation:

Name of company Corporation
a State corporation

By: _____

Name



**SECTION II – PROFESSIONAL SERVICES
CONSULTING AGREEMENT**

CITY OF PHOENIX

Title, (President and CEO, etc.)

If your company is a Limited Liability with Individual Members:

Name of company, LLC,

a State limited liability company

By: _____

Name

Member

By: _____

Name

Member

If your company is a Limited Liability with Individual Manager:

Name of company, LLC,

a State limited liability company

By: _____

Name

Manager

If your company is a Limited Liability with the Member or Manager is a Corporation:



**SECTION II – PROFESSIONAL SERVICES
CONSULTING AGREEMENT**

CITY OF PHOENIX

Name of company, LLC,

a State limited liability company

Its Manager (Member)

By: _____

Name

President

If your company is a Limited Liability with the Member or Manager is a General Partnership:

Name of company, LLC,

a State limited liability company

Its Manager (Member)

By: _____

Name

an Arizona general partnership,

Its Manager or Managing General Partner



**SECTION II – PROFESSIONAL SERVICES
CONSULTING AGREEMENT**

CITY OF PHOENIX

EXHIBIT A – SCOPE OF WORK

TABLE OF CONTENTS

1. INTRODUCTION:	1
2. DEFINITIONS:	2
3. GOALS AND OBJECTIVES:	8
4. SCOPE OF SERVICES / GENERAL REQUIREMENTS:	9
5. ELIGIBILITY:	12
6. FORMULARY AND CLINICAL PROGRAM MANAGEMENT:	14
7. SPECIALTY PHARMACY SERVICES:	19
8. MAIL ORDER:	20
9. NETWORK AND PROVIDER MANAGEMENT:	21
10. ADMINISTRATOR OPERATIONS:	23
11. TERMINATION SERVICES:	24
12. AUDIT RIGHTS:	24
13. SECURITY:	27
14. CONTRACTOR INTEGRATION:	29
15. IMPLEMENTATION SERVICES:	29
16. PLAN PARTICIPANT SERVICES:	32
17. PLAN PARTICIPANT GRIEVANCE AND APPEALS:	33
18. FINANCIAL AND PRICING:	34
19. COST/BILLING:	43
20. ACCOUNT MANAGEMENT TEAM:	46
21. DATA AND SYSTEMS:	51
22. REPORTING:	55



**SECTION II – PROFESSIONAL SERVICES
CONSULTING AGREEMENT**

CITY OF PHOENIX

23. COMMUNICATION MATERIAL, ADVERTISEMENTS & MARKETING:.. 55

24. PERFORMANCE GUARANTEES: 58

25. CREDITS:..... 59

26. ATTACHMENTS APPLICABLE TO THE SCOPE OF WORK:..... 10



SECTION II – PROFESSIONAL SERVICES CONSULTING AGREEMENT

CITY OF PHOENIX

EXHIBIT A – SCOPE OF WORK

1. INTRODUCTION:

- 1.1 The City of Phoenix (hereinafter referred to as “Phoenix” or the “City”) is responsible for administering Benefit Option Plans (hereinafter the “Contract” or “Benefit Plan”) for City Eligible Employees, Eligible Non-Medicare Retirees, and their Eligible Dependents as defined by the City (Plan Participants). The Benefit Plan is self-funded for all eligible participants. Pharmacy coverage is a separate, carved-out plan from the medical coverage. All City active employee medical plans use the same pharmacy coverage. Effective January 1, 2024 all Plan Participants will utilize the same pharmacy provider, Elixir Rx Solutions, LLC.
- 1.2 The City currently employs approximately 13,000 full-time benefit eligible employees and has approximately 10,000 Eligible Survivors and Retirees of which approximately 2,095 are Eligible Non-Medicare Retirees.
- 1.3 Currently, the City’s Self-Funded Health Plans have an average of 32,473 Plan Participants.
- 1.4 Pharmacy Benefit Manager (PBM) to collaborate with the City and its selected Health Plan TPAs to find sustainable and affordable solutions to meet the pharmacy needs of eligible employees and non-Medicare retirees, and their dependents (“Plan Participants”) commencing on the effective date of this Agreement.
- 1.5 Contractor shall provide pass through and transparent pharmacy benefit management Service with:
 - 1.5.1 Pass-Through network rates at retail reimbursements.
 - 1.5.2 Pass-Through of all Manufacturer Derived Revenue and Rebates.
 - 1.5.3 Competitive discounts in all areas (Retail 30 & 90, Mail, brand and generic medications) including dispensing and Administrative Fees.
 - 1.5.4 Mail order and drug-specific pricing through the exclusive specialty provider chosen by the PBM contractor, backed by specific performance and financial guarantees.
- 1.6 Firm contracts and commitments with performance guarantees for implementation and ongoing Services.
- 1.7 Strong data protection and security protocols.
- 1.8 Favorable contractual provisions, audit rights and termination Services.



SECTION II – PROFESSIONAL SERVICES CONSULTING AGREEMENT

CITY OF PHOENIX

- 1.9 Comprehensive reporting suite with state-of-the-art digital technology capabilities.
- 1.10 Best in class Formulary, clinical and specialty pharmacy programs and Services.
- 1.11 Qualified designated account team to include on-site account representative that provides direct customer service to include, but not limited to responding to participant pharmacy inquiries, concerns and resolve Claim, eligibility and enrollment discrepancies and disputes and participating in annual open enrollment and adhoc benefit information initiatives.
- 1.12 High quality Services at a competitive price.
- 1.13 Secure integration with other third party contractors including, but not limited to medical carriers and designated data warehouse contractor(s).
- 1.14 Seamless access to Patient Assistance Program on behalf of the Plan Participant
- 1.15 The Contractor must have a ready to use data system, accessible to the City via a web portal and with customization, if applicable, for the City's requirements as necessary, to electronically receive and provide eligibility information that matches the data. This includes a public-facing web portal for eligible Plan Participant and authorized client use. The portal must securely interface directly with web portal data system used by the City staff prior to January 1, 2024 effective date. The medical plan year begins on January 1 and ends on December 31. Open Enrollment begins annually in October.

2. DEFINITIONS:

- 2.1 **Administrative Fee** - The amount that Contractor charges Plan Sponsor for included Services under this Agreement.
- 2.2 **Average Wholesale Price (AWP)** – The Average Wholesale Price of a Prescription Drug as identified by drug pricing Services such as Medi-Span or other source recognized in the retail Prescription Drug industry. The applicable AWP shall be the 11-digit National Drug Code (NDC) for the product on the date dispensed, and for prescriptions filled in Participating Pharmacies, Mail Service Pharmacy and Specialty Pharmacy will be the AWP for the package size from which the Prescription Drug was dispensed.



SECTION II – PROFESSIONAL SERVICES CONSULTING AGREEMENT

CITY OF PHOENIX

- 2.3 **Benefit Plan** - The Plan Sponsor’s group insurance plan, Prescription Drug plan, or other Benefit Plan established and funded by Plan Sponsor that covers the cost of Covered Drugs dispensed to Covered Individuals.
- 2.4 **Benefit Specification Form or Benefit Specification Change Form** - The forms, as modified from time to time, that are completed by Plan Sponsor that specify the terms and provisions of the Benefit Plan and the configuration of System edits, such as which Prescription Drugs are covered by Plan Sponsor (including, for example Limited Distribution Drugs or Specialty Drugs), any limitations or exclusions, the Benefit Plan’s tier structure and Cost Share requirements, and any conditions associated with the specific Services to be rendered by Contractor under this Agreement (i.e. Clinical Prior Authorizations, Drug Therapy Management, etc.). If there is any inconsistency between the terms of this Agreement and the Benefit Specification Form or any Benefit Specification Change Form submitted in connection with the Services to be provided under this Agreement, then the provisions of the most recent signed Benefit Specification Form or Benefit Change Form shall control. A separate Benefit Specification form shall be provided by Plan Sponsor for each unique Benefit Plan, which Benefit Plan shall be identified by a unique group number.
- 2.5 **Biosimilar Product or Biosimilar** – A Biosimilar biological product as defined in the Biologics Price Competition and Innovation Act of 2009 at 42 U.S.C. §262(i)(2) and approved under Section 351(k) of the Public Health Services Act.
- 2.6 **Brand Drug** – A Prescription Drug identified as such in Contractor’s master drug file using indicators from Medi-Span, or other source nationally recognized in the Prescription Drug industry, in the event Medi-Span is not available. Medi-Span code = M, N, O.
- 2.7 **Claim** - An invoice or transaction (electronic or paper) for a Covered Drug dispensed to a Covered Individual that has been submitted to Contractor by the dispensing pharmacy or a Covered Individual (including transactions where the Covered Individual paid 100% of the cost). A “340B Claim” is a Claim which has been processed under Section 340B of the Public Health Service Act.
- 2.8 **Claims Adjudication System or System** – The Contractor’s on-line computerized Claims processing system.
- 2.9 **Clean Prescription** – Any prescription presented to the mail order or specialty pharmacy that does not require any additional information from the Plan Participant, provider, or City in order to be sent to the Plan Participant. The mail order or specialty pharmacy can adjudicate the prescription, fill the prescription, and send out the prescription.
- 2.10 **Compound Prescription** – A medication that consists of two or more solid, semisolid, or liquid ingredients that are weighed, measured, prepared, or mixed by, or under, the direction of a pharmacist according to a prescription



SECTION II – PROFESSIONAL SERVICES CONSULTING AGREEMENT

CITY OF PHOENIX

order. These formulations are generally not readily available or approved by the federal Food and Drug Administration (FDA). These Claims are to be billed utilizing the most recent National Council for Prescription Drug Program (NCPDP) billing format

- 2.11 **Co-payment** - The amount Pharmacy shall collect from a Plan Participant for providing covered prescription service in accordance with the plan.
- 2.12 **“Core” PBM Services** - Claims adjudication, retail network, mail order, prior authorization, Formulary programs and Specialty Pharmacy Services, and the infrastructure to support these functions.
- 2.13 **Cost Share** - The amount of money that a Covered Individual must pay to the Participating Pharmacy to obtain a Covered Drug in accordance with the terms of the Benefit Plan.
- 2.14 **Covered Drug** - A Prescription Drug or other permitted drug (OTC), medical supplies (e.g. diabetic testing strips), or a medical device (e.g. blood glucose monitoring device) which is dispensed to a Covered Individual and meets the requirements for coverage under the Benefit Plan as communicated to Contractor by Plan Sponsor.
- 2.15 **Day(s)** – Shall mean calendar days throughout the Agreement unless specifically noted.
- 2.16 **Dispense as Written (DAW) Codes**– Information that helps the pharmacist know how to fill and bill a Claim.
- 2.17 **Dispensing Fee** - An amount paid to a pharmacy for providing Professional Services necessary to dispense medication to a Plan Participant.
- 2.18 **Drug Tier** – Assigned placement of the drug on the Contractor’s Drug List or Formulary. Commonly Drug Tiers can be defined as generic, preferred or Formulary brand, non-preferred or non-Formulary brand, and specialty.
- 2.19 **Drug Utilization Review (“DUR”)** (concurrent, prospective, or retrospective) - an authorized, structured, ongoing review of prescribing, dispensing and use of medication. DUR encompasses a drug review against predetermined criteria that results in changes to drug therapy when these criteria are not met.
- 2.20 **Eligibility File** - That electronic communication supplied to Contractor by Plan Sponsor (or Plan Sponsor’s agent) which identifies the Covered Individuals covered under Plan Sponsor’s Benefit Plan, along with other eligibility information necessary for Contractor to provide PBM Services hereunder. Plan Sponsor acknowledges that eligibility begins on the first day the Covered Individual is reported by Plan Sponsor (or its designee) to be effective and continues through the last day the Covered Individual appears on the Eligibility File.
- 2.21 **ePrescription** – A prescription which is written and signed by a Prescriber electronically and then transmitted electronically to the Plan Participant’s pharmacy.



SECTION II – PROFESSIONAL SERVICES CONSULTING AGREEMENT

CITY OF PHOENIX

- 2.22 **Formulary** – The list of FDA-approved Prescription Drugs and supplies developed by Contractor’s Pharmacy and Therapeutics Committee and/or customized by the City, and which is selected and/or adopted by the City. The drugs and supplies included on the Formulary will be modified by Contractor from time to time as a result of factors, including, but not limited to, medical appropriateness, manufacturer Rebate arrangements, and patent expirations.
- 2.23 **Generic Drug** – The multisource code field in Medi-Span contains a “Y” (generic). An item shall also be considered a Generic Drug if the MultiSource Code is “O” and there is a DAW code of 3,4,5,6 or 9. When a drug is identified as a Generic Drug, it shall be considered a Generic Drug for all purposes under this Agreement.
- 2.24 **Health Plan** – City self-funded and Non-Medicare plans offering Plan Participants medical, dental or vision, or other health service provided by the City or through a City contracted vendor. For avoidance of doubt, Health Plan does not include the fully insured medical plan offered Medicare Retirees and their eligible dependents and survivors.
- 2.25 **“HIPAA”** means the Health Insurance Portability and Accountability Act of 1996, as amended.
- 2.26 **Home Infusion** - Home Infusion therapy involves the intravenous or subcutaneous administration of drugs or biologicals to an individual at home. The components needed to perform Home Infusion include the drug (for example, antivirals, immune globulin), equipment (for example, a pump), and supplies (for example, tubing and catheters).
- 2.27 **House Generic** – When a Brand medication is dispensed as a generic medication. Sometimes referred to as a "Branded Generic" or DAW = 5 Claim. House Generics are to be billed to the City at the MAC price for the generic medication.
- 2.28 **Inflation Protection Payments** – Payments to the City resulting from the Contractor’s contracts with specific pharmaceutical manufacturers aimed at shielding the City from pharmaceutical product price increases, and are to be included in Manufacturer and Pass Through Rebates.
- 2.29 **Intervention Claim** – Any prescription presented to the mail order or specialty pharmacy that requires additional information from the Plan Participant, provider, or the City before it can be sent to the Plan Participant. The mail order or specialty pharmacy is not able to adjudicate the Claim and / or the prescription cannot be sent to the Plan Participant.
- 2.30 **Limited Distribution Drugs** - Prescription Drugs that are distributed by manufacturers through a limited number of pharmacies and wholesalers which have been selected by the manufacturer based on approved participation criteria.



SECTION II – PROFESSIONAL SERVICES CONSULTING AGREEMENT

CITY OF PHOENIX

- 2.31 **MAC** – The Maximum Allowable Cost for a drug. This will be the amount of the ingredient cost charged to the plan/Plan Participant and also be the amount paid to the pharmacy (MAC spread is not allowed).”
- 2.32 **MAC List** – A list of Prescription Drugs or supplies subject to maximum allowable cost reimbursement payment schedules developed or selected by Contractor.
- 2.33 **Manufacturer Administrative Fees** – Administrative Fees paid by manufacturers to the Contractor in connection with Contractor’s invoicing, GPO, data management, allocating and collecting the Rebates under the Rebate program.
- 2.34 **Manufacturer Derived Revenue or Rebates** - All drug company revenues associated with other pharmaceutical manufacturer or third-party payments, including, but not limited to, base, Formulary, incentive and market share Rebates, payments related to manufacturer and other Administrative Fees, data fees, aggregate utilization Rebates (e.g., “book of business”), purchase discounts, payments due to inflation caps or other performance arrangements, educational payments, information sales, specialty Rebates and all other revenues from pharmaceutical manufacturers or other third-parties, including but not limited to Formulary placement, inflation protection and/or access.
- 2.35 **Market Check** – A written comparison, prepared by an independent pharmacy benefit management consultant, for Pharmacy Benefit Management Services offered by a third party PBM provider which includes and considers similar plan design, Formulary, clinical and trend programs, Retail Pharmacy, mail pharmacy, and specialty pharmacy mix and utilization, demographics and other relevant factors necessary to provide an appropriate comparison.
- 2.36 **Patient Assistance Program** - programs that provide financial assistance or free product (through in-kind product donations) to individuals who qualify.
- 2.37 **Plan Participants** – All active employees and their dependents, and all non-Medicare Retirees and their survivors and dependents enrolled in the City’s self-funded Health Plans and that the City has determined to be eligible for Services.
- 2.38 **Multi-Source Brands** – Innovator products that have lost their patent protection and are available from at least two (2) sources: the innovator with the New Drug Application approval and at least one (1) other with either an Abbreviated New Drug Application approval or a marketing agreement for an authorized/branded generic. Medi-Span =Y



SECTION II – PROFESSIONAL SERVICES CONSULTING AGREEMENT

CITY OF PHOENIX

- 2.39 **Multi-Source Generics** - Non-innovator pharmaceutical products that are available from three (3) or more sources, including the innovator.
- 2.40 **Paid Claims** – All transactions made on Plan Participants that result in a payment to pharmacies or Plan Participants from the City or the City Plan Participant’s copays. This does not include reversals, rejected Claims and adjustments. Each unique prescription that results in payment shall be calculated separately as a paid Claim.
- 2.41 **Pass-Through Pricing** – The actual ingredient cost and Dispensing Fee amount paid by the Contractor for the Prescription Drug Claim when the Claim is adjudicated to the Participating Pharmacy, as set forth in the specific Participating Pharmacy remittances related to the City’s Claims.
- 2.42 **Pass Through Formulary Drug Rebates** – The PBM passes through one hundred percent (100%) of ALL non fee-based Rebate revenue earned.
- 2.43 **Plan Sponsor** - The City of Phoenix.
- 2.44 **Point-of-Sale** - The location and time that a Covered Drug is dispensed to a Covered Individual, and the corresponding Claim is submitted by the dispensing pharmacy for adjudication by the Claims Adjudication System. Rebates will be applied as required by the Benefit Plan document.
- 2.45 **Prescriber** - A licensed health practitioner with independent prescribing authority in the state in which the dispensing pharmacy is located.
- 2.46 **Prescription Drug** - An FDA approved substance intended for use in the diagnosis, cure, mitigation, treatment, or prevention of disease which is dispensed by a duly licensed pharmacy and required by federal law to be dispensed only upon the authorization of a Prescriber. For purposes of this Agreement, over-the-counter medications, medical supplies, and medical devices are not Prescription Drugs, whether or not ordered by a Prescriber.
- 2.47 **Rebate** - Manufacturer Administrative Fees, Manufacturer Derived Revenue and Rebates, Inflation Protection Reimbursements, Lag Rebates and Pass-Through Formulary Drug Rebates and any and all revenue derived by the Contractor as it relates to this Contract or related to utilization by Plan Participants, regardless of when paid.
- 2.48 **Retail Pharmacy** – A state licensed retail community pharmacy that dispenses prescription medications at its physical location. Unless otherwise determined by PBM, a Retail Pharmacy does not include a pharmacy that dispenses medications to patients primarily through mail, nursing home pharmacies, long-term care facility pharmacies, hospital pharmacies, or clinics.
- 2.49 **Single-Source Generic Drugs** – Non-innovator products that are available from two (2) sources: the innovator with the New Drug Application approval and another with either an Abbreviated New Drug Application approval or a



SECTION II – PROFESSIONAL SERVICES CONSULTING AGREEMENT

CITY OF PHOENIX

marketing agreement for an authorized/branded generic. Medi-Span code = Y.

- 2.50 **Specialty Drug** - A drug on the Specialty Drug List that is typically a high-cost biotech, injectable, infused, oral, or inhaled Prescription Drug, and/or Prescription Drug that requires special storage, handling, and/or require close monitoring of the patient's drug therapy to ensure appropriate use and clinical outcome.
- 2.51 **Specialty Drug List** - The standard list of Specialty Drugs and their reimbursement rates applicable to Plan Sponsor under the applicable (exclusive or open) option maintained and updated by Contractor from time to time. The Specialty Drug List is available to Plan Sponsor upon request.
- 2.52 **Specialty Products** – Those injectable and non-injectable drugs on the Specialty Drug List. Specialty Products, which may be administered by any route of administration, are typically used to treat chronic or complex conditions, and typically have one or more of several key characteristics, including frequent dosing adjustments and intensive clinical monitoring to decrease the potential for drug toxicity and increase the probability for beneficial treatment outcomes; intensive patient training and compliance assistance to facilitate therapeutic goals; limited or exclusive product availability and distribution, if a drug is only available through limited specialty pharmacy distribution, it is always considered a Specialty Product; specialized product handling and/or administration requirements.
- 2.53 **Substantial Impact** – When a change initiated by the Contractor, whether Formulary, Clinical, or Network directed, that causes greater than two percent (0.2%) of utilizing Plan Participants to be disrupted or where the City's costs will be impacted by greater than one percent (0.1%).
- 2.54 **Usual and Customary Price or U&C Price** - The retail amount the pharmacy charges its cash paying customers for the drug dispensed, as reported to Contractor by the dispensing pharmacy.
- 2.55 **Zero Balance Due (ZBD)** – One hundred percent (100%) Plan Participant paid plan or “zero-balance due” Claim is a Claim for which the client does not have financial liability and owes no pharmacy reimbursement.

3. GOALS AND OBJECTIVES:

- 3.1 The goal of the Contractor is to collaborate with the City to support and improve the health outcomes by offering full pass through, broad and cost-efficient Benefit Plan options to all Plan Participants. These goals can be achieved and maintained through several key objectives: Contractor will maintain a network of pharmacies for Plan Participants that assures equitable geographical availability of medication, as well as one or more mail order options.



SECTION II – PROFESSIONAL SERVICES CONSULTING AGREEMENT

CITY OF PHOENIX

- 3.2 Make payments to participating pharmacies for Cost Shares in a timely manner to assure continued access to services for Plan Participants and a positive network experience for the pharmacies.
- 3.3 The City will continue to use a self-funded model for group health insurance in order to accomplish the following goals:
 - 3.3.1 Offer increased efficacy of patient care and health outcomes through “best practices” medication management and monitoring, as well as increased Plan Participant utilization treatment support and transparency tools (optional).
 - 3.3.2 Continue to provide Plan Participants with access to high-quality pharmacy benefits. Contractor shall agree to minimum access standards and agree to manage network(s) to improve access, quality of care, Plan Participant health and overall costs to the City and its ‘Plan Participant.
 - 3.3.3 Maintain flexibility over plan design from year to year as well as the Services required to introduce new products as deemed appropriate by the City.
 - 3.3.4 Appropriately manage health care expenditures consistently across the City’s Plan Participant as individuals may move from pharmacies and Prescribers throughout their tenure with the City. Specifically:
 - 3.3.4.1 Enhance current pharmacy management for catastrophic Claims and specialty medications
 - 3.3.4.2 Improve reporting on clinical reviews and documented return on investments (ROI)
 - 3.3.4.3 Support the City’s Wellness Program initiatives by tracking the improvement for the overall health of the City’s eligible enrollment population.
- 3.4 Maintain control and access to Claims and utilization data in order to make appropriate program decisions.
- 3.5 Collaborate with contractors to improve data integrity, transparency, and the stratification of data to drive targeted Plan Participant into pharmacy improvement programs.
- 3.6 Submit eligibility, enrollment, Claims, identified/de-identified data to the City’s contracted benefits and pharmacy benefit consultant(s), carriers and data warehouse contractors as determined by the City and consistent with Industry and NCPDP standard file data field inclusions.

4. SCOPE OF SERVICES / GENERAL REQUIREMENTS:

- 4.1 At the request of the City, Contractor shall collaborate with other City contractors to resolve any member or benefit issues including, but not limited to: network (pharmacy), contract, or clinical issues (pharmacy).



SECTION II – PROFESSIONAL SERVICES CONSULTING AGREEMENT

CITY OF PHOENIX

- 4.2 The Contractor shall disclose and receive written approval from the City all Subcontractors and assignees used to provide Services requested in relation to this Agreement. The Contractor shall immediately, upon any oral or written notification to the Contractor, report to the City any potential litigation relating to issues involving Contractor, the City, and/or any Subcontractor as it pertains to any Services provided under this Agreement.
- 4.3 Contractor shall strictly adhere and provide all benefits and Services stipulated in the Summary Plan Description and in accordance with City policies and procedures set forth within this Request for Proposal, the Contract and/or adopted during implementation. Contractor shall assist the City, as requested, in revisions to the Summary Plan Description.
- 4.4 Contractor shall implement any City changes to the Benefit Plan’s design, including the addition of benefits as stipulated in the current Summary Plan Description or any future Summary Plan Description including but not limited to: network models, specific benefit changes to deductibles, copays, and coinsurance annual out-of-pocket limits. Parties shall execute an Amendment reflecting any changes in rate or plan design.
- 4.5 The Contractor must cover all benefits from the effective date of the Contract such that no Plan Participant enrolled on December 31 of any Plan Year, will suffer a loss of coverage by virtue of a change in Contractors on January 1 of a subsequent Plan Year. No Eligible Dependent shall lose benefits because of transition from the incumbent Contractor to the selected Contractor.
- 4.6 The Scope of Work does not include :
 - 4.6.1 Stop loss coverage for the entire program
 - 4.6.2 Pharmacy Benefit Management Consulting Services
 - 4.6.3 Medical Plan Administration Services
- 4.7 Contractor shall work with the City in good faith as new medication management opportunities arise, and or marketplace dynamics occur (e.g., drug re-importation or Rebate elimination), company acquisitions occur, or as the business requires to ensure that pharmacy benefit delivery and customer service is not unduly impacted and that steps occur to ensure financial performance is addressed.
- 4.8 Financial guarantees for any partial Plan Year that results from the implementation of new pricing will still be guaranteed and reconciled. Contractor shall still make payments for any shortfalls for those resulting partial Plan Years with less than twelve (12) months and those contractual years with over twelve (12) months. See Attachment 33.
- 4.9 Contractor shall remit to the City; any and all Rebate revenue earned by the City under each of the Commercial, and Supplemental Plan contracts



SECTION II – PROFESSIONAL SERVICES CONSULTING AGREEMENT

CITY OF PHOENIX

regardless of their termination status as a client. Lag Rebates on Claims incurred prior to the termination date shall continue to be paid to the City after termination until one hundred percent (100%) of earned Rebates are paid. No portion of Manufacturer's Derived Revenue and Rebates is to be retained by the Contractor for administrative or any other purposes.

- 4.10 Contractor shall provide monthly Claims data to the City and its authorized delegates to perform quarterly financial discount reconciliations on actual Claims experience.
- 4.11 Contractor shall make available to the City all manufacturer Rebate contracts, without restriction, to audit all Rebate revenue earned by the City.
- 4.12 Contractor shall offer electronic point-of-service (POS) pharmacy Claims adjudication Services to communicate Plan Participant eligibility and prescription approval information to Contractor's provider network as part of the base Administrative Fees and with no additional cost to the City. The POS system shall provide the following capabilities:
 - 4.12.1 The City authorization of overrides to allow processing of Claims;
 - 4.12.2 Ability to restrict access of individual Plan Participants to designated classes of drugs, Prescribers, and pharmacy providers; and
 - 4.12.3 Ability to restrict individual Prescribers from prescribing designated classes of drugs.
- 4.13 Upon review and determination that a service, treatment, or procedure is no longer appropriate, Contractor shall notify within 7 Days by written notification the physician and/or facility that no authorization can be granted and that a denial will take place unless additional information is supplied to meet medical necessity criteria.
 - 4.13.1 Denial dates shall be effective immediately.
 - 4.13.2 Contractor shall forward written notification of the denial to the attending physician and Plan Participant within five (5) business days.
- 4.14 Contractor shall establish written policies and procedures, including coverage rules, practice guidelines, payment policies, and pharmaceutical management that allow for individual medical necessity determinations (and as stated in the Summary Plan Description), and to continue during implementation and throughout the Contract term as required by the City.
- 4.15 Contractor shall take immediate corrective action and provide a written corrective action plan within fourteen (14) Days, as requested by the City, should the City identify any deficiencies in the performance of the Contract, including missed performance guarantees, or through audit findings. No fees shall be charged in the recovery or reimbursement of any funds identified A corrective action plan does not limit the City's authority to suspend or terminate the contract pursuant to paragraph 19 of the



SECTION II – PROFESSIONAL SERVICES CONSULTING AGREEMENT

CITY OF PHOENIX

Professional Services Consulting Agreement. The corrective action plan shall include, at a minimum:

- 4.15.1 Reference to the specific error or finding, summary of overall impact error, financial and/or Plan Participant impact
- 4.15.2 Causal factor(s)
- 4.15.3 Name and title of the person accountable for implementing and overseeing the corrective action plan
- 4.15.4 Proposed Corrective action items including:
- 4.15.5 Specific deliverables including but not limited to impact reports
- 4.15.6 The anticipated completion date(s)
- 4.15.7 The reason the corrective action is not necessary, if applicable
- 4.15.8 Disclosure of metrics used to measure the success of each deliverable
- 4.15.9 Plan Participant notification process, if applicable
- 4.15.10 Notification upon completion of issue resolution
- 4.16 Contractor shall provide professionally qualified and designated resources to respond within ten (10) Days to all City inquiries related to quality assurance, corrective actions, deficiencies, and/or inefficiencies in operations at no additional cost to the City.
- 4.17 Contractor shall ensure that contractor staff is appropriately trained on the City plan and that quality assurance and financial accuracy procedures are in place so that procedures are applied consistently, fairly, and accurately.
- 4.18 The City may require vendors to cooperate, share data and work with any Fraud, Waste and Abuse analytics solutions vendor selected by the City. These vendors typically utilize a combination of statistical analysis and clinical expertise to address unnecessary costs in employer-sponsored health plans.

5. ELIGIBILITY:

- 5.1 All eligibility is determined by the City. Eligibility will conform to federal, state and local regulations, including without limitation, 26 U.S. Code §125, the Internal Revenue Code of 1986, the Patient Protection and Affordable Care Act (ACA), the Consolidated Omnibus Budget Reconciliation Act (COBRA), the Family Medical Leave Act (FMLA), Medicare, Medicaid, and the Uniformed Services Employment and Reemployment Rights Act (USERRA) and related State and local Code provisions and City Administrative Regulations. The City shall be the final authority in deciding eligibility of Plan Participants.
- 5.2 Eligibility of City Plan Participants for enrollment in and coverage by City sponsored self-funded Health Plans shall be determined by the City.



SECTION II – PROFESSIONAL SERVICES CONSULTING AGREEMENT

CITY OF PHOENIX

- Contractor shall be bound by the City's determinations regarding eligibility of Plan Participants.
- 5.3 Contractor shall accept enrollment, qualified life event changes, and cancellation dates as stated in the City's electronic transmissions, reports, files or written notifications. Contractor shall accept enrollment eligibility dates, as determined by the City.
 - 5.4 Contractor shall check the eligibility of claimants against the Eligibility Files that will be supplied electronically by the City or other designated and authorized contractor that confirms new enrollments, cancellations, terminations, and other changes applicable before authorizing benefits. Contractor shall process all such enrollments, cancellations, terminations, and changes no later than 48 hours after receipt.
 - 5.5 The City shall provide Contractor with a HIPAA compliant weekly Eligibility File in an electronic format. Contractor shall accept the current Eligibility File format as specified or mutually agreed to, including any potential changes in the future, and absorb any and all internal programming modifications, costs associated with its current system or file formatting, content or structure to ensure its systems can accept this format.
 - 5.6 Contractor shall have and maintain HIPAA compliant hardware, software, and systems that are capable of retrieving or receiving electronic data transmission from the City regarding enrollments, changes to enrollments, premiums and other matter related to the contract.
 - 5.7 Between the dates that the City makes the electronic data transmissions, the City may request the Contractor perform new enrollments or other changes to enrollment, including accepting and processing manual enrollments in order for an enrollment change to be expedited. Contractor shall accept such requests and perform the requested enrolments or other changes in a timely manner. New enrollments and other changes shall be performed no later than 48 hours after receipt of the City's request.
 - 5.8 Contractor shall provide coverage to all Plan Participants, as determined by the City. There shall be no minimum enrollment requirements or employer contribution requirements. Eligible Non-Medicare Retirees can enroll or disenroll anytime during the plan year.
 - 5.9 Contractor shall accept and accurately process pharmacy benefits for any Plan Participant eligible to join the City's Benefit Plan as stipulated by the City. The City shall be the final, decisive authority on all special, unanticipated, unusual, or new enrollment determinations when new legislation or policy changes occur throughout the plan year.
 - 5.10 The City shall determine procedures and policies for enrollment.
 - 5.11 The City shall determine cancellation-of-coverage protocol.



SECTION II – PROFESSIONAL SERVICES CONSULTING AGREEMENT

CITY OF PHOENIX

- 5.12 Contractor shall conduct orderly transitions for all Plan Participants at qualified life event changes and between plan years at no additional cost to the City. At minimum, Contractor shall provide:
- 5.12.1 Transfer Claims, prior authorizations (including electronic prior authorizations), and mail order information, when applicable, to avoid prescription refill disruption
 - 5.12.2 Issue ID cards when applicable
 - 5.12.3 Provide Plan Participant enrollment materials when applicable
- 5.13 Contractor shall cover all benefits from the plan year effective date of the Contract, such that no current Plan Participant will suffer a loss of coverage by virtue of a change in contractors other than by a change in the Benefit Plan's design (including any applicable Co-payments, deductibles, annual and lifetime maximums, etc.) already contributed to the Plan Participant. No Plan Participant shall lose benefits because of transition issues.
- 5.14 Contractor shall begin Implementation Services as otherwise specified in Paragraph 15 prior to the Plan Year effective date in order to prepare for the Benefit Plan's open enrollment. The Plan Year for the Benefit Plan coverage administered by the City is January 1 through December 31, with open enrollment scheduled during the months of October and November. The City reserves the right to change these dates with a ninety (90) Days notice to Contractor.
- 5.15 Contractor shall communicate directly with the City or its representative regarding any uncertain claimant eligibility situations before notifying the claimant of ineligibility.
- 5.16 Contractor shall have the capability for managing Claim recovery or retroactive terminations.
- 5.17 Contractor shall provide the City with the required process and documentation to facilitate recoveries.

6. FORMULARY AND CLINICAL PROGRAM MANAGEMENT:

- 6.1 Contractor shall adhere to, develop, and administer a clinically sound Formulary program.
- 6.2 Contractor shall ensure that Plan Participant/customer Services representatives have on-line access to mail, retail, specialty, paper and Drug Utilization Review ("DUR") accessible information on a single system prior to January 1, 2024, effective date and through the duration of the current term of Agreement.
- 6.3 Contractor agrees that the City has the ability to implement utilization management rules and programs on an a la carte basis irrespective of whether they are part of a bundle (e.g. a package does not have to be selected).



SECTION II – PROFESSIONAL SERVICES CONSULTING AGREEMENT

CITY OF PHOENIX

- 6.4 Contractor agrees the City has the right to split-tier generics (i.e., have separate tiers for preferred/lower-cost generics and non-preferred higher cost generics).
- 6.5 Contractor shall notify the City of all required Formulary changes by September 1st of every plan year of the contract period. This includes any drug exclusions, quantify limitations, and/or Formulary disruption planned for the following calendar year, including a disruption and financial impact analysis report, strategy plan for outreach to the impacted participant(s) and their treating medical professional provider.
- 6.6 Contractor shall administer a patient-level exception process for review of medical necessity for drugs excluded under the Formulary at no additional charge to the City.
- 6.7 Contractor agrees that the City may reject a Formulary change or a planned Formulary product exclusion. If the City chooses to reject a Formulary change, Contractor shall provide the City a full transparent detailed written disruption and financial impact analysis on the impact to the Rebate guarantees in order for the City to make an informed decision.
- 6.8 Contractor shall provide first fill reporting on a quarterly basis that will include disease states, medication, quantity, pricing, and number of utilizers. This will include brand, generic and specialty medications.
- 6.9 Contractor shall provide the City with a disruption and financial impact analysis of the maintenance drug list as compared to the City's current maintenance drug list with the RFP proposal submission.
- 6.10 Contractor agrees to provide the City with a disruption and financial impact analysis of your proposed preventive drug list for HDHPs as compared to the City's current preventive drug list and will be included in the RFP response submission.
- 6.11 Contractor will have an appeal process in place that complies with the Patient Protection and Affordable Care Act (ACA) which requires non-grandfathered plans to offer Plan Participants external review of final internal adverse benefit determinations.
- 6.12 Contractor will also administer first, and second level pharmacy appeals for the City.
- 6.13 Contractor shall adhere to and support the use of evidence-based literature in the development of utilization management programs.
- 6.14 Contractor shall provide upon request background documentation to include, but not be limited to clinical documentation, Claim counts, Plan Participant disruption, and financial impact analytics on all newly proposed utilization management programs.



SECTION II – PROFESSIONAL SERVICES CONSULTING AGREEMENT

CITY OF PHOENIX

- 6.15 Additions and/or deletions to the Formulary are subject to the City’s approval and discretion to elect not to implement any such addition or deletion within the benefit.
- 6.16 Contractor shall request City approval for single source brand deletion to the Formulary. Such request will be provided to the City with ninety (90) Days advanced notice along with a detailed disruption and financial impact analysis. The City in its sole discretion may elect not to implement any such addition or deletion.
- 6.17 Contractor shall not require the City or Plan Participants to participate in therapeutic interchange (i.e., “switch”) programs.
- 6.18 Contractor shall provide concurrent Drug Utilization Review (cDUR) programs integrated across the retail, mail order, and specialty distribution channels as part of the base Administrative Fees and at no additional cost to the City.
- 6.19 Contractor’s pharmacies shall include at least the following POS concurrent drug utilization review (cDUR) activities:
 - 6.19.1 Determining medication Formulary status
 - 6.19.2 Monitoring for drug-drug and drug-disease state interactions
 - 6.19.3 Verifying appropriate dosages
 - 6.19.4 Tracking over and underutilization
 - 6.19.5 Maintaining a potential fraud alert
 - 6.19.6 Conducting Plan Participant consultations in compliance with applicable state or federal laws
 - 6.19.7 Providing Plan Participant education materials
- 6.20 The City shall have full authority to “turn on” or “turn-off” any POS edits (e.g., quantity limit, step therapy) that the City wants to implement, or does not want to implement or continue.
- 6.21 The City has the right to opt in or opt out of non-specialty and/or specialty Formulary drug additions or exclusions to the selected Formulary without penalty.
- 6.22 Contractor shall be responsible for managing requests for vacation overrides, dosage changes, direct Plan Participant reimbursements, medication shortages, compound Claims, limited/exclusive distribution drugs, and/or refill-too-soon exceptions from the City, Plan Participants, and/or providers/pharmacists.
- 6.23 Contractor shall obtain written approval from the City prior to implementing any programs such as “coupon” programs, including without limitation “waive the co-pay” programs, and discount cards.
- 6.24 Contractor shall support all City Wellness initiatives including recommendations on clinical, utilization, or medication management



SECTION II – PROFESSIONAL SERVICES CONSULTING AGREEMENT

CITY OF PHOENIX

- programs that will target specific populations to enhance quality or improve the cost performance as appropriately identified, analyzed, and reported in the quarterly reports and/or at the request of City.
- 6.25 Contractor shall be able to provide the following Medication Management Services if requested:
- 6.25.1 First fill reports to medical contractors for high use of narcotics as defined by Centers for Disease Control and Prevention and high-cost drugs and/or Specialty Products
- 6.25.2 A blood glucose program with no cost to plan and Plan Participant free glucose meters
- 6.26 Contractor shall collaborate with case management referrals. For example, if a Plan Participant with multiple sclerosis responds positively to questions about exacerbations, relapses, falls, or durable medical equipment needs, Contractor shall refer the Plan Participant to the appropriate City-contracted medical contractor.
- 6.27 Contractor shall have a designated pharmacist/clinical program director available to medical contractors and to the City as a resource for pharmacy questions including, but not limited to dispensation of medications and related supplies, or product alternatives, etc.
- 6.28 Contractor shall provide program alternative recommendations and targeted “quality and cost return on investment” for any clinical, utilization, or medication management programs that will enhance the quality or improve the cost of performance as appropriately identified, analyzed, and reported in the quarterly reports and/or at the request of the City.
- 6.29 Contractor decisions regarding utilization management, Plan Participant and provider education, coverage of Services, provision of Services, and other areas to which the guidelines are applicable shall be consistent as they apply to Plan Participants covered under the Benefit Plan.
- 6.30 Contractor shall administer a Formulary/preferred drug list (PDL) that is aligned with the clinical and cost management approaches of the City.
- 6.31 The Contractor shall provide and the City may select from two Formulary options:
- 6.31.1 Contractors’ standard (or Open) Formulary/preferred drug list (PDL)
- 6.32 Contractor closed (or managed) Formulary drug list. Contractor shall include pricing and guarantees that cover both the standard and managed Formulary/preferred drug list (PDL), descriptions of drug coverage and Formulary placement, and clinical rules with utilization management programs that as closely as possible mirror the programs currently in place (see Attachment B - Formulary and Attachment F - Clinical Program Management). This does not assume mandatory PDL or Formulary



SECTION II – PROFESSIONAL SERVICES CONSULTING AGREEMENT

CITY OF PHOENIX

- exclusions, use of a preferred drug step therapy, or high-performance Formulary, unless these items will be in place by the implementation date and are agreed to by the City.
- 6.33 Contractor shall remove non-specialty and specialty Formulary drugs from coverage (other than FDA recalls and other safety reasons) no more than once per year and only with City agreement. Contractor's removal of such drugs shall impact no more than two percent (2%) of Plan Participants may be disrupted by any non-specialty and specialty Formulary deletions or all non-specialty and specialty deletions in total, on an annual basis.
- 6.34 Contractor shall notify the City or its designee ninety (90) Days in advance of when a drug is targeted to be excluded from coverage or moved to/from the non-specialty and specialty preferred drug list. The Contractor shall provide a detailed disruption and financial impact analysis at the same time. The City reserves the right to reject any modification to its current program or process.
- 6.35 Contractor shall notify Plan Participants a minimum sixty (60) Days in advance of when a Plan Participant's utilized drug is targeted to be removed from the non-specialty and specialty preferred drug list and thus become excluded from coverage. The Contractor shall provide at least two (2) notifications to the Plan Participant with the Formulary alternative.
- 6.36 The Contractor shall provide at least two (2) notifications to the Plan Participant with the Formulary alternative with the City's prior approval to notification.
- 6.37 Contractor shall notify Plan Participants a minimum sixty (60) Days in advance of when a Plan Participant's utilized drug is targeted to be moved to a higher cost tier with the City's prior approval to notification. The Contractor shall provide at least two (2) notifications to the plan participant with the Formulary alternative.
- 6.38 Contractor shall provide a list of the non-preferred Brand Drugs that are covered by the City upon request at any time during the term of the Contract.
- 6.39 Contractor shall grandfather the City's current Formulary for up to ninety (90) Days following the contract effective date with no negative financial impact.
- 6.40 Contractor shall have the capability of "grandfathering in" prescription drugs that are considered Formulary according to the current contractor but will be non-Formulary for a maximum of one (1) year as requested by the City.
- 6.41 With prior City authorization, the Contractor shall allow Plan Participants to obtain Formulary excluded drugs with a prior authorization for medical necessity: provided however coverage of the excluded drug will not negatively impact the Rebate guarantees.



SECTION II – PROFESSIONAL SERVICES CONSULTING AGREEMENT

CITY OF PHOENIX

- 6.42 Contractor shall provide notification to City at least thirty (30) Days prior to any impending modification to any clinical program or process during the term of this Contract. City reserves the right to reject any modification to its current program or process.
- 6.43 Contractor shall not charge more than once for a Prior Authorization (“PA”) fee for a single prescription for a given patient (e.g., the Contractor shall not charge PA fees multiple times for a single prescription) within a 12-month period.
- 6.44 Contractor shall have procedures and technology in place designed to detect and address potential drug fraud and/or abuse. Contractor shall upon detection notify the City of any potential fraud and/or abuse.

7. **SPECIALTY PHARMACY SERVICES:**

- 7.1 Contractor shall support Claims adjudication, without restrictions, for current and future Specialty Drug contractors contracted with City. Such contractors may or may not be affiliated with the Benefit Plan.
- 7.2 If a medication is unusable due to any delays in shipment from the specialty pharmacy, Contractor shall re-ship replacement medication at no cost to the City or the Plan Participant.
- 7.3 At the direction of the City, Contractor shall send to providers and Plan Participants taking specialty medications customized letters describing the enrollment process and the clinical Services offered by the specialty pharmacy. This shall be done as part of the base Administrative Fees and at no additional cost to the City.
- 7.4 Contractor shall provide on-call support twenty-four (24) hours a day, seven (7) Days a week, and three hundred sixty-five (365) Days a year to pharmacists and registered nurses or physicians (if applicable) that are hired by the specialty pharmacy and are appropriately trained in dealing with specialty medication inquiries.
- 7.5 Contractor shall have and facilitate a process to assist Plan Participants in obtaining limited distribution prescription drugs in a timely manner.
- 7.6 Contractor shall monitor Specialty Drug utilization and refill compliance data to identify opportunities to minimize waste and shall notify the City of potential stockpiling and/or abuse. Such activities shall be reported to the City on a quarterly basis.
- 7.7 Contractor shall include in the written notification its criteria/rationale for adding the drug to the specialty list along with the drug’s proposed pricing. If the pricing is not available at the time of the announcement, Contractor shall provide it to the City at least five (5) business days before the specialty medication is added to the City’s specialty list. If the City has expressly excluded a specific therapy class or product, Specialty Products in those



SECTION II – PROFESSIONAL SERVICES CONSULTING AGREEMENT

CITY OF PHOENIX

classes will automatically be excluded from coverage and will reject as “NDC Not Covered”. If the City later desires to cover otherwise excluded Specialty Products, the City must notify Contractor in writing that it desires to cover the Specialty Product before Contractor may adjudicate the Specialty Product as a Covered Drug.

- 7.8 New Specialty Drugs shall not be covered by the City at retail pharmacies outside of the initial thirty (30) Day launch period. Specialty Drugs shall be distributed by specialty pharmacy providers, only except during the thirty (30) day new drug notification period mentioned above, unless drug distribution is limited to specialty pharmacy providers.
- 7.9 The City in its sole discretion shall have the right to refuse the addition of any medication to Contractor’s specialty list. The City shall have the right to review the proposed pricing, and renegotiate lower pricing terms.
- 7.10 The City has previously contracted with the local children’s hospital to pass through discounted (e.g. 340b pricing) for a hemophilia patients. Contractor shall administer and support the custom pricing arrangement at no charge and allow the medications to be dispensed to the local pharmacy on an exception basis notwithstanding Contractor’s specialty pricing.

8. **MAIL ORDER:**

- 8.1 Contractor shall be properly licensed, certified, and/or credentialed to operate in the applicable states where its dispensing mail order facilities and Specialty Drug operations reside.
- 8.2 Upon receipt of a complete and fully accurate shipping address, Contractor’s contracted mail order facility shall be financially responsible for the shipment. Contractor shall not charge City or the Plan Participant for drug or reshipping costs where the shipment of the medication is to the wrong address, is improperly packaged, or is shipped by the wrong carrier.
- 8.3 Contractor shall take action on Intervention Claims within two (2) business days.
- 8.4 Contractor shall send notification regarding non-fillable Intervention Claims to Plan Participants within two (2) business days.
- 8.5 Contractor shall have the capability to administer online Mail Order Services through its sponsored website.
- 8.6 If Contractor has more than one (1) dispensing mail order facility or Specialty Drug operation, City reserves the right to switch the facility or operation for shipping purposes at no additional cost to the City.



SECTION II – PROFESSIONAL SERVICES CONSULTING AGREEMENT

CITY OF PHOENIX

9. NETWORK AND PROVIDER MANAGEMENT:

- 9.1 Contractor shall supply a toll-free number for inquiries from pharmacists regarding network issues and for physicians regarding pre-authorization as part of the base Administrative Fees with no additional cost to City.
- 9.2 Contractor shall perform on-site audits of at least three percent (3%) of the contracted network pharmacies on an annual basis, returning one hundred percent (100%) of audit recoveries from the City utilization, with at least five hundred (500) Claims processed annually. This shall be provided as part of the base Administrative Fees and at no additional cost to City.
- 9.3 Contractor shall provide access to a network pharmacy according to the following standards:
 - 9.3.1 At least 90 percent of beneficiaries, on average, in urban areas served by the plan live within 2 miles of a network pharmacy that is a Retail Pharmacy;
 - 9.3.2 At least 90 percent of beneficiaries, on average, in suburban areas served by the plan live within 5 miles of a network pharmacy that is a Retail Pharmacy; and
 - 9.3.3 At least 70 percent of beneficiaries, on average, in rural areas served by the plan live within 15 miles of a network pharmacy that is a Retail Pharmacy
- 9.4 Contractor shall implement a process to recover monies that are owed to the Benefit Plan from network pharmacies due to overpayments, duplicates, errors, etc. as directed by City.
- 9.5 Contractor shall not charge the City any Retail Pharmacy audit recovery fee throughout the life of the contract.
- 9.6 Contractor shall provide a program to audit one hundred percent (100%) of the submitted Claims using an audit tool to identify submission errors, waste, fraud, and abuse at no additional charge to City. Contractor shall provide supporting reports on a quarterly basis to demonstrate the activity of this network-auditing program.
- 9.7 Contractor shall pass City-related audit recoveries, identified through Contractor's internal, daily, and ongoing retail network pharmacy audit compliance procedures, to the City at 100% of recoveries and 0% collection fee.
- 9.8 Contractor shall not remove any participating network pharmacies unless the provisions of paragraph 9.3 are otherwise met.
- 9.9 Contractor shall offer improved pricing terms to the City if greater than zero point two percent (0.2%) of utilizing Plan Participants are impacted by proposed changes to the participating retail-30 and retail-90 pharmacy network. City costs will be evaluated based on the channel, drug type, , or therapeutic class.



SECTION II – PROFESSIONAL SERVICES CONSULTING AGREEMENT

CITY OF PHOENIX

- 9.10 Contractor shall manage the Benefit Plan for the City in accordance with the provisions and requirements set forth herein for the duration of the Contract. Contractor shall efficiently and effectively provide:
- 9.10.1 Claims administration
 - 9.10.2 Customer service (telephonic, on-line and chat functions with pharmacist availability 24/7/365 as needed)
 - 9.10.3 Comprehensive mail order, Retail Pharmacy and specialty pharmacy provider network Services, oversight and management (clinical and financial)
 - 9.10.4 Ability to deliver high quality Services at a market competitive price
 - 9.10.5 Consumer driven health care plan administration and accumulation integration with medical carrier(s)
 - 9.10.6 Ability to integrate with third party contractors (i.e., medical, wellness contractor, wellness incentive program administrators, disease management contractor(s), data warehouse contractor(s), etc.)
 - 9.10.7 Strategic account management team including at least one onsite resource that proactively suggests innovative and meaningful solutions and works closely with the City, Foster & Foster (Benefits & Actuarial Consultant) and others as needed.
 - 9.10.8 Offering firm contracts and commitments with performance guarantees for implementation (if applicable) and financial guarantees for all proposed dimensions throughout the term of this relationship
 - 9.10.9 Transparency within entire organization openly reflecting the way the Contractor conducts its business in regards to financial, clinical and operational topics
 - 9.10.10 Favorable and competitive contractual provisions, audit rights, termination and transition Services
 - 9.10.11 Comprehensive reporting suite with state-of-the-art digital technology capabilities
 - 9.10.12 Best in class Formulary, clinical and specialty pharmacy programs and Services to be included in the proposal
 - 9.10.13 Allowances to offset ongoing benefit management activities (Market Checks, audits, consulting Services, etc.)
 - 9.10.14 Contractor shall work with Health carrier to provide a one-card option for both medical and pharmacy to the Plan Participants of the plan



SECTION II – PROFESSIONAL SERVICES CONSULTING AGREEMENT

CITY OF PHOENIX

10. ADMINISTRATOR OPERATIONS:

- 10.1 Contractor shall administer the City's Pharmacy Benefit Plan and programs.
- 10.2 Contractor shall administer a variable co-pay program at the Point of Sale, on behalf of the City to access the total value of co-pay card programs offered by pharmaceutical manufacturers.
- 10.3 Contractor agrees that the City has the sole decision making responsibility as it relates to benefit design and determining which medications are covered and/or excluded.
- 10.4 Contractor will assume full responsibility for accurately administering all of the City's Benefit Plan in accordance with the plan design and contractual terms.
- 10.5 Contractor will not assume and/or require exclusivity or mandatory participation in any Service other than "Core" PBM Services which is limited to Claims adjudication, retail network, mail order, prior authorization, Formulary programs and Specialty Pharmacy Services.
- 10.6 Contractor agrees to provide the City with a distinct and competitive implementation credit or allowance, ongoing benefit management allowance, annual Market Check allowances and an annual Audit allowance (pre-, post-implementation and financial or operational) which the City can utilize to offset any expenses related to implementation, consulting fees, analytics and to support Pharmacy Benefit Management due diligence activities as deemed appropriate by the City. These credits will not expire during the contract term nor any contract extension.
- 10.7 Contractor agrees to provide the City with a separate and competitive development fund that can be used for a variety of Benefit Management Services during the term of the Agreement. Contractor agrees that the City may in its sole discretion utilize this pool of resources to offset any expenses related to or for any other Health Plan purpose, The competitive development fund shall be separate and apart from any proposed implementation credits provided by Contractor.
- 10.8 Contractor has no right to evaluate the City's use of implementation credits or competitive development fund as long as the fees are used in support of the City's healthcare benefit.
- 10.9 If Contractor is the incumbent, Contractor agrees that all unused credits that exist at the end of the Contract Term will rollover to the new contract term at the option of the City.
- 10.10 Contractor agrees to work with any PAP or Co-pay card access contractor chosen by the City at no extra charge.
- 10.11 If Contractor is the incumbent Contractor, Contractor shall not , not modify current contractual provisions and processes that are considered favorable



SECTION II – PROFESSIONAL SERVICES CONSULTING AGREEMENT

CITY OF PHOENIX

for the City shall remain the same (except where specifically required to address new requests / populations) and shall not change to be less favorable to the City.

- 10.12 Contractor will not require the City to provide an advanced deposit of any kind.
- 10.13 Contractor agrees that Rebate payments to the City shall be paid quarterly and guarantee reconciliations to the City shall be paid annually.

11. TERMINATION SERVICES:

- 11.1 Contractor agrees to the following upon termination of the relationship:
 - 11.1.1 Contractor will process run-out Claims, at no cost, for up to one year post termination.
 - 11.1.2 Contractor will work with and provide transition files to the new contractor (including open refill, prior authorization, Claims history (24 months), and specialty files) according to deadlines set by the City, at no charge. There will be at least 2 files for each area: one before termination date so transition information can be loaded into the new contractor data systems, and the second set of transition file within 5 business days of termination of Services, with the final data for the beneficiaries.
 - 11.1.3 Contractor shall close out all financial payments from reconciliation of financial/performance guarantees will be reported and paid to the City within 6 months of the end of the contract.

12. AUDIT RIGHTS:

- 12.1 Contractor shall provide full disclosure of all its records upon notice from the City and/or the City-selected auditor. The Contractor shall cooperate with the auditors and waive any fees associated with obtaining access to the City's data and/or records.
- 12.2 The City reserves the right to audit Contractor's performance, records, and standards as outlined below. Contractor shall cooperate with the internal/external auditor(s) and shall provide records as requested at no additional fee to the City. Audits, reviews, or evaluations may include, but are not limited to, the following topics:
 - 12.2.1 Plan participant eligibility, including documentation
 - 12.2.2 Plan participant access to retail, mail order, and specialty pharmacy
 - 12.2.3 Staffing of the Contractor's customer service department
 - 12.2.4 Contractor's network adequacy
 - 12.2.5 Claims administration in terms of processing accuracy, financial accuracy, and timeliness



SECTION II – PROFESSIONAL SERVICES CONSULTING AGREEMENT

CITY OF PHOENIX

- 12.2.6 Appropriate application of coordination of benefits and deductibles (Plan and Medicare)
- 12.2.7 Plan participant appeals and grievances, including tracking, responsiveness, and timeliness
- 12.2.8 Quality assurance program
- 12.2.9 Fraud, waste, and abuse detection, and preventative activities
- 12.2.10 Performance guarantees as measurable element of Contractor's service or operations
- 12.2.11 Reporting, both internal and external reports with substance and timeliness
- 12.2.12 Subrogation
- 12.2.13 Medicare replacement and reclamation
- 12.2.14 Claim overpayments/under payments
- 12.2.15 Plan allowances and exclusions
- 12.2.16 Operational review
- 12.2.17 Compliance with regulatory guidelines, industry, and operating standards
- 12.2.18 Plan implementation to include all stated implementation phases and Claim payment testing
- 12.2.19 Exception based audits, Claims or operational
- 12.2.20 Review of SSAE 18 (SOC I and II), and/or SAS 70 external evaluations
- 12.3 Contractor and its Subcontractors shall cooperate fully with the City or the City-selected auditors in any requested review of documents, records, process reports, policies, procedures, and/or other directives relating to the administration of the financial, operational, or performance provisions of this Contract and shall waive any fees associated with obtaining access to the City's data and/or records.
- 12.4 Contractor and its Subcontractors shall produce a legible copy of any and all records in electronic and/or paper format upon request by the City. This shall be delivered to the City within fourteen (14) Days (or other agreed upon time period) at no additional expense to the City. All records shall be subject to inspection and audit by the City at reasonable times.
- 12.5 The City or a City designated independent third party, under the terms of a signed confidentiality and non-disclosure agreement, shall perform audits. The designated auditor shall cooperate under a confidentiality agreement covering all external parties as well as other divisions of its firm.
- 12.6 The City may conduct these audits at any time during the Contract term upon fourteen (14) Days advanced written notice to Contractor. Contractor shall not limit the dates of service or paid dates of Plan paid Claims to be audited.



SECTION II – PROFESSIONAL SERVICES CONSULTING AGREEMENT

CITY OF PHOENIX

- 12.7 The City shall not be responsible for any Contractor expenses related to an operational or financial audit, including the provision of records.
- 12.8 Contractor shall complete a Statement on Standards for Attestation Engagements (SSAE 18) Audit annually and send a report to the City within thirty (30) Days of report's completion at no cost to the City. If the period covered is different from the City's fiscal year (July 1 – June 30), Contractor shall provide by September 15th of each year (or as requested by the City), a bridge letter, to cover the portion of the City fiscal year not included in the SSAE 18 Audit.
- 12.9 Contractor shall provide the City with access to the adjudication screens of Contractor's Claims adjudication system for verification of applicable pricing when needed.
- 12.10 Contractor agrees to pass through to the City 100% recovery of any and all retail, mail and specialty pharmacy audit recoveries (on-site, electronic or table) and overpayments, which will be reported quarterly to the City.
- 12.11 Contractor agrees to pass through to the City 100% recovery of errors and overpayments (even if recovery is not made), regardless if the error or overpayment was discovered through an internal audit, City audit, or through other means.
- 12.12 Contractor agrees you will not request a plan participant to fund any processing errors, which resulted in a Plan overpayment, for any reason.
- 12.13 Contractor will allow the City the right to audit all aspects of the pharmacy program at any time up to three years after termination of the contract. The auditing of all aspects of the pharmacy program may include but will not be limited to: paid Claims, the Claim processing system, Rebate agreements, performance guarantees, pricing guarantees, retail networks, retail network contracts, mail order services, specialty networks, acquisition pricing, Medicare Part D reconciliations, transparency, pricing benchmarks (e.g., AWP source), onsite assessments, operational assessments, clinical assessments, clinical programs and customer service call monitoring.
- 12.14 Contractor agrees to allow the City to select, and contract with, auditing firm(s) of their choice to perform comprehensive Claims, Rebate, clinical program, edit, eligibility, financial or any other due diligence and fiduciary audit that the City finds appropriate, as long as appropriate Non-Disclosure Agreements are executed.
- 12.15 Contractor agrees not to limit the number, or type, of audit that the City may wish to complete on an annual basis. The City will agree not to audit the pharmacy program services during the PBM lock-out period of 12 weeks at the end of each calendar year.
- 12.16 Contractor agrees that you will not charge the City any fees for audits they wish to perform. The City will pay the contracted auditor fees.
- 12.17 Contractor agrees that Rebate audits will include no less than the top 5 pharmaceutical manufacturers and/or 50% of Rebate spend (revenue).



SECTION II – PROFESSIONAL SERVICES CONSULTING AGREEMENT

CITY OF PHOENIX

- 12.18 Contractor agrees that audit recovery overpayments will not be offset by any potential underpayments identified by the audit.
- 12.19 Contractor agrees to be responsible for reimbursing shortfalls regardless of whether a plan or plan participant impact occurred due to coding errors made by the PBM.
- 12.20 Contractor agrees to provide requested data elements required to complete a benefit and Claims audit within 15 business days from receipt of the data request by the City's auditor.
- 12.21 During a benefit audit, Contractor agrees to provide their responses to the Claims that require review within 15 business days of receipt of Claim samples from the City's auditor.
- 12.22 Contractor agrees to provide your formal response to the audit findings within 30 Days of receipt of the audit Executive Summary report.
- 12.23 Settlement of audit overpayments will be completed (reimbursed to the City) within 60 Days of the final audit report.
- 12.24 Contractor shall work with the City 's auditor during a pre/post implementation audit to run test Claims in a test environment utilizing the City 's actual plan parameters.
- 12.25 Contractor shall fund the cost of a Post-Implementation Audit.
- 12.26 Contractor agrees to accommodate a pre- and/or post- implementation audit at Contractor's expense, providing the funding in order to verify your readiness to administer the City program. The pre-implementation audit must be completed before the program effective date and the post-implementation audit will be conducted at a mutually agreed upon timeframe post effective date (end of first month or 2 so we have some Claims data available). These audits may include, but are not be limited to; ID card production and turnaround time, eligibility, Claims processing, customer service, plan design, drug coverage and clinical utilization management program set-up, and overall pricing. The review will be conducted by an audit or consulting firm selected by the City and would include test Claims developed independently by the auditor to represent the City's unique requirements.
- 12.27 Notwithstanding the foregoing, parties agree that the City's internal audit and the Benefit Plan Auditor may request and obtain additional documentation.

13. SECURITY:

- 13.1 Contractor agrees that no Plan Participant-facing Services such as call center support will be performed by off-shore or foreign resources and that the City data will not be shared with any offshored entity, resources or subcontractors.
- 13.2 Contractor agrees that Plan Participant identifiable data will not be shared with an off-shore entity.



SECTION II – PROFESSIONAL SERVICES CONSULTING AGREEMENT

CITY OF PHOENIX

- 13.3 Contractor agrees if there is a security breach that the City will be informed of all details and whether and how many the City Plan Participants were impacted. the City will be notified of a breach within forty-eight (48) hours of Contractor identifying the breach occurred including weekends and holidays. Details will be provided on scope and Plan Participant impact within seven (7) Days of the identification of the breach.
- 13.4 Contractor agrees to provide single sign on (SSO) authentication at the request of the City.
- 13.5 Reporting Capabilities and Digital Services
- 13.6 Contractor agrees to provide the City with at least 10 licenses to access Contractor's online reporting tools.
- 13.7 Contractor agrees to provide reporting at least quarterly regarding, but not limited to, financial performance, utilization reports for Claims, and operational performance such as customer service statistics, web and digital use performance statistics, and Performance guarantee tracking reports that confirm compliance or non-compliance with proposed performance standards.
- 13.8 Contractor agrees there will be no limitations on data (prescription or medical) that may be required by the City for the purposes of analyzing generic, brand and specialty pharmacy costs and utilization.
- 13.9 Contractor confirms that your online tool for providers allows physicians to submit a new prescription, submit a refill request, or complete information for a prior authorization request.
- 13.10 Contractor provides a Plan Participant access tool where Plan Participant can see their Rx History, lower cost alternative options, Formulary look up, pharmacy search & OOP accumulator.
- 13.11 Contractor provides a Plan Participant access tool where Plan Participant can see their Rx History, lower cost alternative options, Formulary look up, pharmacy search & OOP accumulator.
- 13.12 Contractor agrees to develop and support a microsite (online web portal) for the City that will be available by October 1, 2023 and will be maintained through the course of the contract. Microsite is targeted for prospective Plan Participants during open enrollment and new hires during the calendar year to assess prescription drug information. At a minimum, the microsite shall provide the ability to price a drug (based on our contract rates), look up drug for Formulary and benefit status, print a replacement ID card and look up a network pharmacy.
- 13.13 Contractor agrees that this microsite can be accessed either via computer or a smart device.
- 13.14 Contractor agrees to support a mobile application that is secure, provides relevant Plan Participant history, allows Plan Participants to refill medications, allows Plan Participants to price a medication and check coverage status, provides information on lower cost alternatives, allows



SECTION II – PROFESSIONAL SERVICES CONSULTING AGREEMENT

CITY OF PHOENIX

Plan Participants to verify pharmacy network coverage, and access a digital ID card. This mobile application must include information on retail, mail and Specialty Drugs.

- 13.15 Contractor agrees your mobile application allows Plan Participants to check the status of an order through mail or specialty delivery channels.
- 13.16 Contractor agrees you have the capability to communicate with Plan Participants via text and/or email “push”.
- 13.17 Contractor agrees to submit your Net Promoter Score (NPS) for your digital sites and related services to the City quarterly as part of the standard quarterly reporting package.

14. CONTRACTOR INTEGRATION:

- 14.1 Contractor shall administer deductible programs such as shared deductible, out-of-pocket maximum, lifetime maximum, bi-directional data, for the City programs in real time.
- 14.2 Contractor shall ensure combined accumulators are included in the base Administrative Fee.
- 14.3 Contractor shall participate in contractor summit discussions to identify opportunities to enhance the Plan Participant experience at least once annually (in person when permitted).
- 14.4 If, in its sole discretion, the City implements employer onsite or near site clinic, with pharmacy or concierge health services in the future, the Contractor shall collaborate with City contracted vendors to facilitate implementation of the same.

15. IMPLEMENTATION SERVICES:

- 15.1 Contractor shall begin the implementation process within ten (10) business days of Contract award. the Contractor shall submit a final implementation plan that shall include a detailed transition of care plan for Plan Participants with open prior authorization who are actively enrolled in case management and/or disease management. Implementation process shall begin within (5) business days of City's review and approval of implementation and transition plan. The City may request changes to the implementation plan at its discretion. The Implementation Plan commencement date shall commence no later than May 2023, or date requested by the City (if different).
- 15.2 Contractor agrees to provide the City with a distinct, competitive implementation allowance for the City to utilize to offset expenses related to implementation, including consulting fees and IT fees, as deemed appropriate by the City, not to expire during the contract term. Eligible expenses will also include, but will not be limited to those for, pre-/post-implementation audits and reviews, communications, and education (including fulfillment), and programming and systems updates.



SECTION II – PROFESSIONAL SERVICES CONSULTING AGREEMENT

CITY OF PHOENIX

- 15.3 Contractor agrees to provide funding to accommodate a pre- or post-implementation audit to verify readiness to administer the City's program. The pre-implementation audit must be completed before the program effective date and the post-implementation audit will be conducted at a mutually agreed upon timeframe post effective date. The review will be conducted by an audit firm selected by the City and would include test Claims developed independently by the audit firm to represent the City's requirements.
- 15.4 Contractor agrees to provide a designated implementation manager and support team (not part of the regular account management team) that will be assigned to lead and coordinate the implementation activities with the City of Phoenix. Contractor agrees the implementation manager shall not be managing more than three (3) implementations in total while leading the implementation for the City.
- 15.5 Contractor shall provide a team of individuals dedicated to implementing the provisions of this Agreement upon award. The implementation team shall include, but not be limited to programmers, data analysts, an implementation manager, an account manager, a network contracting manager, an audit/quality assurance lead, enrollment specialists, and Claims and Plan Participant Services staff. Contractor agrees the implementation manager shall not be managing more than three (3) implementations in total while leading the implementation for the City.
- 15.6 Contractor agrees to accept and load all open mail order and specialty pharmacy refills, prior authorization histories and up to twenty-four (24) months of historical Claims data to support the transition to Contractor, as applicable, at no additional cost to the City.
- 15.7 Contractor shall perform comprehensive systems testing and quality assurance audits with results reported to the City prior to the effective date of the 2024 Plan Year as part of the base Administrative Fees with no additional charge to the City. Systems testing should include, but not be limited to, the following elements:
- 15.7.1 Deductible and Co-payment/co-insurance application
 - 15.7.2 Plan accumulators
 - 15.7.3 Benefit limitations
 - 15.7.4 Benefit exclusions
 - 15.7.5 Coordination of benefits including Medicare
 - 15.7.6 Benefits requiring pre-certification/prior authorization
 - 15.7.7 Claim system edits and coding
 - 15.7.8 Out of network Claim identification and processing
 - 15.7.9 Approved plan authorizations
 - 15.7.10 Eligibility File maintenance including disabled dependent verification
 - 15.7.11 Appeal processes, administrative and clinical



SECTION II – PROFESSIONAL SERVICES CONSULTING AGREEMENT

CITY OF PHOENIX

- 15.7.12 Reporting
- 15.7.13 Billing process
- 15.7.14 Other items as identified during the implementation process
- 15.7.15 Website
- 15.7.16 Call Center
- 15.7.17 Data exchanges with other City vendors
- 15.7.18 Banking and billing
- 15.8 Contractor shall provide an administrative manual for the program that provides the information necessary for the City team Plan Participants to operate the program. The manual shall be provided at the time of implementation and shall be updated on an ongoing basis by the account management team and/or by the City. This manual shall be provided as part of the base Administrative Fees and with no additional cost to the City. The manual shall provide the information listed in paragraph 20.27.
- 15.9 The designated implementation manager shall continue to support the City through completion of the implementation process and for a minimum of forty-five (45) Days after the implementation effective date of January 1, 2024. Such support includes but is not limited to: weekly calls with the City and the designated account management team, maintenance of issue tracking logs, and issue resolution. This support must be provided as part of the base Administrative Fees with no additional cost to the City.
- 15.10 Contractor shall fund the cost of a pre-implementation on-site visit of the Contractor's facility for the City implementation team. The on-site visit will include, but not be limited to a walk-through of the office, a review of systems, a review of the Claims process, and a review of medical management functions as applicable to the Plan.
- 15.11 Contractor shall be required to begin Services prior to the plan year effective date in order to prepare for the program (e.g., implementation, open enrollment).
- 15.12 Contractor agrees to provide the City annually with fall open enrollment readiness support. Such support shall include training Contractor's customer service staff on the changes, implementing plan design changes, accurate set up of open enrollment website, including pricing, plan design, network and Formulary look up, as reasonably requested by the City and providing accurate Plan Participant communications (printed materials and on-line versions) (as requested by the City). Contractor will perform testing of customer service calls to measure accuracy of responses. Contractor will perform Claims adjudication testing to measure accuracy of new plan design change(s). Contractor will perform testing of the open enrollment website to measure accuracy of plan design and functionality of the website. All test results will be documented, reviewed and sent to the City prior to open enrollment.



SECTION II – PROFESSIONAL SERVICES CONSULTING AGREEMENT

CITY OF PHOENIX

- 15.13 Contractor shall have its customer call center 1–800-line, open enrollment Plan Participant web portal and app available sixty (60) Days before the first open enrollment begins and every subsequent plan years for Plan Participants transitioning from the current contractor as well as for potential new Plan Participants with questions about the City’s Benefit Plan and those who want to view Program Formulary information. Customer service representatives must be fully trained on the City benefits prior to the effective date of the Program.
- 15.14 Contractor agrees to accept weekly Eligibility Files from the City in an industry standard 834 file format at no additional charge to the City.

16. PLAN PARTICIPANT SERVICES:

- 16.1 Contractor shall provide a dedicated, fully operational toll-free telephone line that is answered by a live person twenty (24) hours a Day, seven (7) Days a week, 365 Days annually. The toll-free telephone line will include alternative language options (or access to language translation Services) to meet the Plan’s requirement under the ACA to provide culturally and linguistically appropriate notices. Responses to messages shall be returned by a knowledgeable staff Plan Participant by the end of the following operating business day. This toll-free telephone line shall be included as part of the base Administrative Fees and at no additional cost to the City.
- 16.2 Contractor shall provide a dedicated customer service team to facilitate and oversee Benefit Plan Services including but not limited to: prescription assistance for retail, mail order, specialty, prior authorizations etc. The Contractor’s dedicated customer service team shall be trained and well-versed on the City’s Benefit Plan.
- 16.3 The dedicated customer service team shall have electronic access to eligibility, mail order Claims, and Claims history from all of the Claims Adjudication Systems. At a minimum, this dedicated team shall be responsible for taking all calls from City Plan Participants between the hours of 7:00am – 9:00pm Mountain Standard Time (MST) from Monday through Friday and 8:00am – 5:00pm MST on Saturday and Sunday. Customer service representatives that are trained on City benefits but not part of the dedicated team may take calls as needed to manage operational guarantees outside of these hours.
- 16.4 Contractor shall ensure that the City and its Plan Participants who are deaf or hearing impaired have access to communication Services that enable them to use the phone lines. This shall be done as part of the base Administrative Fees and at no additional cost to the City.
- 16.5 Contractor shall provide annual Plan Participant-specific satisfaction surveys with a statistically valid sample size that includes Plan Participants who have used mail order and specialty pharmacy Services, and who have



SECTION II – PROFESSIONAL SERVICES CONSULTING AGREEMENT

CITY OF PHOENIX

- accessed call center customer service representatives. The City shall be able to customize this survey at no additional charge.
- 16.6 Contractor shall provide an escalation process to assist in matters which cannot be resolved within one (1) business day at the customer service unit level.
- 16.7 Contractor shall accept “warm transfers” from the City’s medical contractors’ call centers to Contractor’s call center(s) at no additional cost to the City.
- 16.8 Contractor will record one hundred percent (100%) of Plan Participant calls into at the Plan Participant call center.
- 16.9 The City reserves the right to access all call recordings or call notes from Plan Participant service calls with its Plan Participants. Contractor shall allow the City the right to request call recordings and/or notes at any time and listen to any recorded calls within twenty-four (24) hours of the City’s request. All Plan Participant service call recordings and notes between the Contractor and the City’s Plan Participants will be the City’s property.

17. PLAN PARTICIPANT GRIEVANCE AND APPEALS:

- 17.1 Contractor’s Grievance and Appeals processes, policies, and operations should comply with Federal, State, and local requirements.
- 17.2 Contractor shall adhere to the dispute resolution process developed by the City. Contractor shall provide a procedure for responding to and resolving Plan Participant complaints and disputes regarding problems including, but not limited to, network access, Formulary drug coverage, and other matters concerning quality of care.
- 17.3 Contractor shall inform each Plan Participant of the availability of City’s dispute resolution process and provide each Plan Participant with forms for problem reporting and resolution.
- 17.4 Contractor shall respond to all complaints and disputes promptly, according to time standards established by the City and per the requirements stipulated in the Summary Plan Description. In general, disputes about Pharmaceutical Services shall be resolved within seven (7) Days of the complaint being filed.
- 17.5 Contractor shall maintain a record of all complaints from all Plan Participants and shall provide the same to the City pursuant to the agreed upon terms within ten (10) business days of the initial request. Such record shall include all correspondence relating to the disposition of the complaint.
- 17.6 As the prescription Claims administrator, Contractor has the sole authority and discretion to determine whether submitted Services/costs are eligible for benefits and to interpret, construe, and apply the provisions of the Summary Plan Description in processing and adjudicating Claims. For external appeal of pharmacy benefit determinations, Contractor shall contract with at least three (3) accredited independent third party independent review organizations (IROs) in order for the City to meet self-



SECTION II – PROFESSIONAL SERVICES CONSULTING AGREEMENT

CITY OF PHOENIX

insured plan requirements of the ACA. For requests for External Review, where external review is applicable, Contractor shall manage this process in accordance with law. The City reserves the right to audit the determinations and, if it so chooses, to assess independence and equitable adjudication of appeals.

- 17.7 Contractor shall adhere to the appeals process developed by the City and stipulated in the Summary Plan Description. Contractor shall meet all timeframes and reporting for all levels of appeals with responses and results, including external review when applicable. Processes shall be kept current and made available to the City at any interval requested by the City.
- 17.8 In such cases where a requested service is denied or reduced, the denial, reasons for the denial, and the criteria used in determining the denial shall be provided in writing to the Plan Participant and his/her provider within five (5) Days of the determination or as stipulated in the Summary Plan Description.
- 17.9 Contractor shall designate one (1) key staff member to communicate, cooperate, and maintain a working relationship with the identified State Grievance and Appeals Ombudsman.
- 17.10 The City shall be solely responsible for any and all complaints, issues, disputes, and appeals related to its Benefit Plan enrollment, Plan Participant eligibility, payroll deduction issues, direct-pay premium issues, and retirement check issues related to payment of the premium.
- 17.11 Contractor shall provide all requested information to the City and other contracting entities to assist in the completion of the Plan Participant appeals process.

18. FINANCIAL AND PRICING:

- 18.1 Contractor agrees that the pricing arrangement will be evaluated based on minimum guaranteed discounts, Dispensing Fees, and minimum Rebates. Any fee not stated on the Pricing Document associated with any service or requirement in this Agreement shall be deemed to be included in the base Administrative Fee.
- 18.2 Contractor shall provide the following specifications regarding the Pass-Through Pricing financial arrangement:
 - 18.2.1 Contractor shall disclose all Benefit Plan revenue sources and to pass through one hundred percent (100%) of all negotiated Average Wholesale Price (AWP) or other benchmark discounts, Dispensing Fees, Rebates, and MAC pricing as applicable. Pass-Through Pricing shall be available on all drugs covered by the City Benefit Plan and dispensed through the retail, mail order, and specialty delivery channel to Plan Participants under this Benefit Plan.
 - 18.2.2 Contractor shall pass through one hundred percent (100%) of the contracted retail and retail-90 network discounts, MAC pricing, and



SECTION II – PROFESSIONAL SERVICES CONSULTING AGREEMENT

CITY OF PHOENIX

- Dispensing Fees on a Claim-by-Claim basis. There shall be no “spread” pricing. Contractor shall not front-load, pre-load, or cross-subsidize any guaranteed pricing components to the City.
- 18.3 Contractor shall offer an annual minimum brand discount guarantee (in aggregate), exclusive of Claims priced at U&C (retail and retail-90 only) and the impact of MAC on Multi-Source Brand Claims, and actual contracted pharmacy rates shall be passed through to the City for each individual Claim. Separate guarantees shall be stated for retail, retail-90, mail, and specialty channels. “Lowest of” discount, MAC, or U&C shall be used in the Claims adjudication pricing logic.
- 18.4 Contractor shall offer an annual minimum overall effective generic discount inclusive of Contractor’s MAC and non-MAC requirement, but exclusive of Claims priced at U&C, with actual contracted pharmacy rates passing through to the City for each individual Claim. Separate guarantees shall be stated for retail, retail-90, mail, and specialty channels. “Lowest of” discount, MAC, or U&C shall be used in the Claims adjudication pricing logic.
- 18.5 Contractor shall disclose and provide to the City access to full retail network contracts upon request at any time during the contract term.
- 18.6 Contractor shall provide the City with online access to the adjudication screens of Contractor’s Claims Adjudication System for verification of applicable pricing.
- 18.7 Contractor shall provide the following specifications for all financial proposals regardless of traditional or Pass-Through Pricing arrangement:
- 18.7.1 All pricing shall be effective and guaranteed for the initial three (3) year term of the agreement.
- 18.7.2 All pricing submitted shall not be contingent on participation in any proposed clinical management programs, group medical or behavioral health programs proposed by the Contractor or its subcontractors other than programs that are requested by the City. Pricing guaranteed in the Pricing Document reflects:
- 18.7.2.1 Contractor’s broad national retail-30 network that includes national retail chains similar to what is currently in place
- 18.7.2.2 Contractor’s retail-90 network at one (1) retail chain (or multiple) similar to what is currently in place
- 18.7.2.3 Contractor’s Formulary or preferred drug listing with drug coverage exclusions for the contract, unless otherwise authorized or requested by the City.
- 18.8 Contractor shall guarantee the proposed pricing terms to be the minimum terms as of the effective date and shall not reduce any component financial guarantee during the life of the Contract.
- 18.9 Contractor shall improve the pricing terms if the City’s Plan Participants increases by ten percent (10%) or more. Improvements shall apply on the date that the increase in Plan Participants becomes effective.



SECTION II – PROFESSIONAL SERVICES CONSULTING AGREEMENT

CITY OF PHOENIX

- 18.10 Contractor pricing shall be effective and guaranteed for the term of the agreement and will not be modified or amended if the City's Plan Participant decreases by less than thirty percent (30%).
- 18.11 Contractor's shall not require the City to implement any plan designs or programs that are different from the Benefit Plan designs and programs currently in place, or those scheduled to be in place for the implementation date. This includes participation in step therapy, prior authorization, and therapeutic interchange (i.e., "switch" programs) if not currently in place or scheduled to be in place by the implementation date.
- 18.12 All guaranteed pricing and performance terms are to be specific to the City (not book-of-business averages).
- 18.13 Pricing, guarantees, and reconciliations for all terms (discounts, Dispensing Fees, etc.), except Rebates, do not differ for Consumer Driven Plans, High Deductible Health Plans, Health Savings Accounts (HSAs), Health Reimbursement Accounts (HRAs), or other such plans. Any differences in Rebate guarantees necessary for different plan designs shall be noted in Contractor's proposed Rebate guarantees.
- 18.14 Contractor shall use the same Claims and methodologies to calculate the net shortfall/surplus tied to the pricing guarantees as those used to calculate actual performance (e.g., guaranteed discount achieved).
- 18.15 Contractor shall use Medi-Span MONY multisource indicators for purposes of identifying and pricing drugs as brands and generics and shall not apply a proprietary algorithm for defining brand and generic brands. In the event that the above referenced national reporting service changes its methodology for coding drugs in connection with the above referenced fields, the PBM shall inform the City of such change within 30 Days of learning of the changes. The Contractor and the City will meet, discuss and mutually agree on any contract changes that may be necessary to enable both parties to maintain the same economic position and obligations set forth in this Agreement., the City shall not bear any economic harm.
- 18.16 Rebates shall include any fees that the Contractor receives from a pharmaceutical manufacturer for administrative costs, Formulary placement, inflation protection and/or access for purposes of this Agreement, and for inputs into the Pricing Document.
- 18.17 Contractor shall provide full transparency of all financial terms including, but not limited to, net ingredient costs and Dispensing Fees paid by the Contractor. The costs and fees shall be completely disclosed in a mutually acceptable fashion to the City entities on a scheduled basis and shall include, but not be limited to:
- 18.17.1 Retail distribution costs
 - 18.17.2 Mail service costs
 - 18.17.3 Specialty pharmacy costs



SECTION II – PROFESSIONAL SERVICES CONSULTING AGREEMENT

CITY OF PHOENIX

- 18.18 Contractor shall make available all manufacturer contracts to the City entities for audit with reasonable notice.
- 18.19 The AWP's used in the guaranteed AWP discount calculation shall be the same as the AWP used to price the Claim. (See the requirements associated with the AWP's used to price the Claims.)
- 18.20 Contractor shall not charge a higher AWP price per unit for any repackaged products assigned a different NDC number than the original manufacturer/labeler AWP price per unit for the same product (drug name, form, and strength). Mail order pricing shall be based on the actual dispensed package size.
- 18.21 In the event there are changes in the marketplace to the baseline measure used for the ingredient costs of drugs (e.g., AWP), and Contractor proposes to amend the City's pricing terms in order to account for the marketplace changes, these changes shall be agreed to before implementation. If changes are not agreeable to the City, the City has the right to terminate the Contract without financial consequence (e.g., loss of Rebates earned but not yet paid) with ninety (90) Days notice.
- 18.22 If a Plan Participant pays one hundred percent (100%) of the cost of a prescription, Contractor shall not bill the City for any portion of the Claim, exclusive of any applicable Administrative Fees.
- 18.23 City Plan Participants shall always pay the lowest of:
- 18.23.1 Co-payment
 - 18.23.2 Usual & Customary amount; or
 - 18.23.3 Eligible charge (discounted ingredient cost plus Dispensing Fee).
- 18.24 The guaranteed discount rates for retail and mail order components shall exclude compounds, over-the-counter (OTC) Claims (except for diabetic test strips and insulins), and Claims with ancillary charges.
- 18.25 Zero balance Claims (Claims where the Plan Participant paid one hundred percent (100%) of the cost of the Claim) shall be included in the guarantee discount reconciliation at the Contractor's negotiated discount for the product only,
- 18.26 Retail-30 and retail-90 U&C Priced Claims shall not be assessed a separate Dispensing Fee.
- 18.27 Retail-30 and retail-90 brand discount guarantees shall apply to and include the following in the reconciliation:
- 18.27.1 Single source brands;
 - 18.27.2 Specialty brand dispensed at retail;
 - 18.27.3 Multi-Source Brands filled at DAW-2 and/or DAW-1 and mandatory generic/MSB penalties do not apply; and
 - 18.27.4 OTC Brand Drugs (if covered by the Plan).
- 18.28 Retail-30 and retail-90 generic discount and Rebate guarantees shall apply to and include the following in the reconciliation:
- 18.28.1 Single source generics;



**SECTION II – PROFESSIONAL SERVICES
CONSULTING AGREEMENT**

CITY OF PHOENIX

- 18.28.2 Multi-Source Generics (both MAC and non-MAC'd);
- 18.28.3 Multi-Source Brands filled at DAW-2 and/or DAW-1 and mandatory generic/MSB penalties do apply;
- 18.28.4 Multi-source brands not filled at DAW-1 or DAW-2;
- 18.28.5 Patent litigated generics;
- 18.28.6 Limited supply Generic Drugs;
- 18.28.7 Specialty generics or Biosimilars dispensed at retail;
- 18.28.8 OTC Generic Drugs (if covered by the Plan);
- 18.28.9 Lipid Disorder – PCSK9 Products;
- 18.28.10 Blood Glucose/Diabetic Test Strips; and
- 18.28.11 Non Blood Glucose/Diabetic Test Strip Over the Counter (OTC) Product
- 18.29 Retail-30 and retail-90 discount and Rebate guarantees shall exclude the following from the guarantee reconciliation:
 - 18.29.1 Claims where the Contractor-negotiated discount was not the basis for adjudication (i.e., U&C Claims);
 - 18.29.2 Compound Claims;
 - 18.29.3 Direct/paper Claims;
 - 18.29.4 Out of Network Claims;
 - 18.29.5 Claims with a calculated discount of greater than ninety-five percent (95%) (This must be explained to, and accepted by the City prior to including);
 - 18.29.6 Secondary/COB Claims (including subrogation);
 - 18.29.7 In-house or 340b pharmacy;
 - 18.29.8 Vaccines, Immunizations, and Flu Shots;
 - 18.29.9 Claims through Department of Veterans Affairs (VA) pharmacies; and
 - 18.29.10 Claims through Long-Term Care, Home Infusion, and I/TIU (Indian/Tribal Indian Urban) providers.
- 18.30 Generic discount guarantees and Rebates for retail and mail order shall not exclude any generic products, as defined above.
- 18.31 Contractor shall maintain a list of “non-MAC generics” that includes the effective dates and term dates for drugs that have dropped from or been added to the list. The list shall be provided to the City upon request.
- 18.32 Contractor shall provide a generic MAC program to the City Plan Participants that includes the following:
 - 18.32.1 A requirement that all Generic Drugs be at least FDA A and B rated;
 - 18.32.2 Monthly notification to the City of any change to the MAC list (additions, deletions, material unit price increases or decreases);
 - 18.32.3 Disclosure of current MAC rates upon the City request, as appropriate.



SECTION II – PROFESSIONAL SERVICES CONSULTING AGREEMENT

CITY OF PHOENIX

- 18.32.4 MAC rates shall be used for retail and mail. (Note that MAC at mail is a requirement);
- 18.32.5 The City's MAC list at mail shall include the same medications or more and shall use the same prices or lower than the most aggressive Retail Pharmacy MAC list;
- 18.32.6 The MAC list used at retail and mail order pharmacies shall include price points that compete with low-cost generic programs available from retails (e.g., Wal-Mart's ten dollar (\$10) per ninety (90) Day supply);
- 18.32.7 Contractor shall pro-actively notify the City at least thirty (30) business days prior to any major patent expiration for its top one hundred (100) Brand Drugs. Notification must include the name and number of generic manufacturers entering the market, the expected date of introduction, knowledge of any exclusivity agreements, AWP pricing, and Contractor's proposed MAC unit price (or, if no MAC unit price exists, the expected date for adding the drug to the MAC list); and
- 18.33 Contractor shall update the MAC lists used to price Claims regularly and throughout the term of the Contract to remain competitive. Contractor shall promptly communicate, identify, and explain to the City any deletions and/or any unit price increases over ten percent (10%).
- 18.34 Contractor shall pay the City a guaranteed Rebate payment/credit equal to the greater of the total amount of Rebates received or the minimum amount guaranteed per Claim, regardless of the actual Rebates that have been received during the quarter.
- 18.35 Contractor shall offer Rebates for all Specialty Drugs dispensed at retail.
- 18.36 Contractor shall offer Rebates derived from "House Generics" or DAW-5 Claims.
- 18.37 Contractor shall provide a quarterly Rebate reconciliation report by drug with associated Claim counts, and shall pay Rebate guarantees within sixty (60) Days of the last day of the quarter in which the associated Claims were incurred, with a full annual reconciliation provided within one hundred twenty (120) Days of the end of each Contract year. Contractor shall reconcile the Rebate pass-through percent against the guaranteed Rebates and provide documentation of its calculation and the result to the City within one hundred twenty (120) Days of the end of each Contract year. Any shortfalls, if applicable, must also be paid to the City within one hundred twenty (120) Days of the end of each Contract year.
- 18.38 Contractor shall pay all Claims received from manufacturers after the annual reconciliation for Claims but included in the true-up period to the City along with the next scheduled Rebate payment.
- 18.39 For the term of the Contract, Rebate guarantees shall not be reduced based on patent expirations, OTC introductions of branded drugs, actions by drug



SECTION II – PROFESSIONAL SERVICES CONSULTING AGREEMENT

CITY OF PHOENIX

- manufacturers, brand products moving off-patent to generic status, recalls or withdrawals of branded products, or unexpected generic introductions, or for changes made by Contractor to Contractor's standard Formulary.
- 18.40 Contractor shall offer a competitive generic dispensing rate (GDR) guarantee at both retail and mail order for each year of the Contract. GDR guarantee does not include copays or Rebates into the calculation, and shall not exclude any generic products, as defined and agreed upon within the Contractor specifications.
- 18.41 Contractor shall guarantee the financial elements of its proposal for the life of the Contract.
- 18.42 Contractor shall not charge commissions nor pass commission fees or finder's fees to the City.
- 18.43 All proposed guarantees, including Rebates, shall be evaluated, reported, and reconciled sixty (60) Days after each calendar quarter end against the City's actual Claims experience. Contractor shall pay all proposed guarantees, including Rebates, ninety (90) Days after the end of each calendar quarter and year end period. The Contractor shall pay the identified penalty (as identified in the financial and performance guarantees, See Attachment 33) to the City if any guarantee fails to be met. Shortfalls in one component guarantee may not be offset by overages in another component guarantee. In the situation where actual Rebates earned are greater than the minimum contract guarantee, Contractor shall pay City ninety (90) Days after the end of each calendar quarter and year end period.
- 18.44 In performing its obligation to process or adjudicate Claims for the City's benefits under this Agreement, Contractor has an explicit and/or implicit obligation to act on behalf of the City in matters which affect the City's Benefit Plan. The City accordingly delegates to Contractor the discretionary authority necessary to fulfill this role and has conformed applicable documents, including the Summary Plan Description, to reflect this delegation.
- 18.45 Contractor shall provide Retail (30 & 90 day), Specialty and Mail Order Pricing to include the following:
- 18.45.1 All Pharmacy Claims shall be adjudicated at the "lower of" the discounted ingredient price plus Dispensing Fee (if any) or the MAC plus Dispensing Fee (if any). Contractor shall not adjudicate Claims based on the minimum Co-payment amount.
- 18.45.2 Contractor shall bill the City the lower of the difference between the Plan Participant cost.
- 18.45.3 share and discounted ingredient price plus Dispensing Fee or the MAC plus Dispensing Fee, less applicable Plan Participant Cost Share.
- 18.45.4 Brand guarantees shall apply to and include the following in the reconciliation:



**SECTION II – PROFESSIONAL SERVICES
CONSULTING AGREEMENT**

CITY OF PHOENIX

- 18.45.4.1 Single-Source Brands;
 - 18.45.4.2 Multi-Source Brands filled at DAW-2 and/or DAW-1 and mandatory generic/MSB penalties do not apply; and
 - 18.45.4.3 OTC Brand Drugs (if covered by the Benefit Plan).
- 18.46 Generic guarantees shall apply to and include the following in the reconciliation:
- 18.46.1 Single-Source Generics;
 - 18.46.2 Multi-Source Generics (both MAC and non-MAC'd);
 - 18.46.3 Multi-Source Brands filled at DAW-2 and/or DAW-1 and mandatory generic/MSB penalties do apply;
 - 18.46.4 Multi-Source Brands not filled at DAW-1 or DAW-2;
 - 18.46.5 Patent litigated;
 - 18.46.6 Limited supply Generic Drugs; and
 - 18.46.7 OTC Generic Drugs (if covered by the Benefit Plan).
- 18.47 Guarantees shall exclude the following from the guarantee reconciliation:
- 18.47.1 Claims where the Contractor-negotiated discount was not the basis for adjudication (i.e., U&C Claims);
 - 18.47.2 Compound Claims;
 - 18.47.3 Direct/paper Claims;
 - 18.47.4 Claims with a calculated discount of greater than ninety-five percent (95%) (This must be explained to and accepted by the City prior to including);
 - 18.47.5 Secondary/COB Claims (including subrogation);
 - 18.47.6 In-house or 340b pharmacy;
 - 18.47.7 Vaccine or Immunizations;
 - 18.47.8 For the Commercial Plan, Claims through the Department of Veterans Affairs (VA) pharmacies; and
 - 18.47.9 For the Commercial Plan, Claims through Long-Term Care, Home Infusion, and I/TIU (Indian/Tribal Indian Urban) providers.
- 18.48 All mail order shipping costs (standard delivery) shall be underwritten into the proposed mail order pricing. Contractor shall not pass along the cost of increased shipping rates, fuel increases, or postage rates to the City for the life of the Contract. Contractor shall not assess minimum charges for a mail order prescription.
- 18.49 The Dispensing Fee per mail Claim, if any, is the maximum amount that shall apply per Claim.
- 18.50 The City shall not be responsible for any Plan Participant contributions (e.g., deductible, coinsurance, co-pays) owed to Contractor. Collecting such fees shall be the sole responsibility of Contractor.
- 18.51 Mail order pricing, including guaranteed discounts, Dispensing Fees, and Rebate guarantees apply to all mail order Claims regardless of Days supply.



SECTION II – PROFESSIONAL SERVICES CONSULTING AGREEMENT

CITY OF PHOENIX

- 18.52 Contractor shall guarantee retail/mail order unit cost equalization meaning that mail order unit costs prior to Plan Participant cost sharing, Dispensing Fees, and sales taxes charged will be no greater than the unit cost for the same NDC-11 adjusted for quantity and Days supply at retail.
- 18.53 The City shall not be assessed any fees for mail order Claims where the Plan Participant pays one hundred percent (100%) of the cost of the prescription, exclusive of Administrative Fees, if applicable.
- 18.54 Contractor shall provide Specialty Pharmacy Pricing to include the following:
- 18.54.1 All specialty pharmacy Claims must be adjudicated at the lower of the discounted ingredient price plus Dispensing Fee (if any) or the MAC plus Dispensing Fee (if any).
 - 18.54.2 Contractor shall bill the City the lower of the difference between the Plan Participant Cost Share and discounted ingredient price plus Dispensing Fee or the MAC plus Dispensing Fee, less applicable Plan Participant Cost Share.
 - 18.54.3 Contractor shall have the ability to apply point of sale manufacturer coupons or copay cards for Specialty Drugs. Upon request by the City, Contractor will provide the City a Specialty Drugs List included in the program that minimally contains the Drug Label Name, Drug Strength, 11-digit NDC, and Limited Drug Designation status.
 - 18.54.4 Contractor shall offer a minimum annual effective rate AWP discount guarantee for all specialty Claims processed at the specialty pharmacy, as requested in the Pricing Document.
 - 18.54.5 Contractor shall offer a drug level annual average AWP discount and Dispensing Fee guarantee for each Specialty Drug covered under their exclusive specialty program. Contractor shall provide a Specialty Drug List that minimally lists the Drug Label Name, Drug Strength, 11-digit NDC, and AWP discount.
 - 18.54.6 Contractor shall price all Claims that are processed by the specialty pharmacy for medications that are not on its Specialty Drug List at the mail-order pharmacy rates.
 - 18.54.7 Contractor shall not pass along the cost of increased postage or shipping rates to the City for the life of the Contract.
 - 18.54.8 The City shall have the flexibility to determine the specialty arrangement it prefers (i.e., exclusive or open) for the Commercial Plan.
 - 18.54.9 At the City's request, Contractor shall incorporate a retail chain(s) as part of its exclusive specialty network for all specialty Claims (in addition to limited supply specialty medications).



SECTION II – PROFESSIONAL SERVICES CONSULTING AGREEMENT

CITY OF PHOENIX

- 18.55 The City shall not be responsible for any Plan Participant contributions (e.g., deductible, coinsurance, co-pays) owed to Contractor. Collecting such fees shall be the sole responsibility of Contractor.
- 18.56 Specialty pharmacy pricing, including guaranteed discounts, Dispensing Fees, and Rebate guarantees apply to all specialty pharmacy Claims, regardless of Days supply.
- 18.57 The City may limit specialty pharmacy Claims to a thirty (30) Day supply (including Claims for medications dispensed by Contractor's specialty pharmacy), with no modification to the pricing terms that Contractor proposes for specialty medications in this Agreement.
- 18.58 The City shall not be assessed any fees for specialty pharmacy Claims where the Plan Participant pays one hundred percent (100%) of the cost of the prescription, exclusive of Administrative Fees, if applicable.
- 18.59 Charges for nursing visits and the cost of supplies, equipment (e.g., pumps), and clinical monitoring required to administer certain Specialty Drugs may be billed through the City's medical contractor(s) at rates that have been agreed upon between City and the medical contractor(s). Notwithstanding the foregoing Specialty Drugs will be billed at the rates agreed to between the City and the Contractor.
- 18.60 Upon request, Contractor shall provide to the City the criteria it uses to determine whether a medication shall be considered a "Specialty Drug" during the term of this Agreement.
- 18.61 Contractor may add medications to its Specialty Drug List only when such drugs meet the specific criteria provided in the contract.
- 18.62 Other than a change to specialty distribution due to a regulatory or manufacturer requirement, Contractor shall not add drugs to the specialty list after January 1, 2024 that were previously available through retail or mail order pharmacy as non-specialty medications.
- 18.63 Contractor shall offer pricing for newly-approved Specialty Drugs (i.e., guaranteed minimum AWP discounts and Dispensing Fees per prescription) at the same or better than the pricing offered for similar Specialty Drugs already available to treat the same condition.
- 18.64 New Specialty Pharmaceutical products will be included in the overall Specialty Pharmacy discount guarantee after having been available for 180 Days or less.

19. COST / BILLING:

- 19.1 Contractor's Claims funding invoice shall include, at a minimum:
 - 19.1.1 Contractor information, including address, contact name, contact phone number and email.
 - 19.1.2 Invoice number, invoice date and due date of payment.
 - 19.1.3 Time period for the funding invoice covers.



SECTION II – PROFESSIONAL SERVICES CONSULTING AGREEMENT

CITY OF PHOENIX

- 19.1.4 Payment information including mailing address for check/warrant payments and/or bank name, address, wire and account information for ACH and wire payments.
- 19.1.5 Summary of total amount billed or summary of total funds being refunded to City.
- 19.1.6 Separate delineation of Claims costs and any and all other charges, fees, Rebates and refunds by plan year or pertinent service period. Each plan year Claims charges must be supported by accompanying Claims register. The accompanying Claims register shall be effortlessly reconciled at a later date against the monthly Claims file.
- 19.1.7 Pharmacy Rebates must indicate the incurred plan year month or plan year quarter of the Claims against which the Rebates are being applied. The processed Rebates must match the Rebate reports that are submitted to the City on quarterly basis.
- 19.2 Contractor shall accept the City's eligibility reporting for all payments of Administrative Fees and shall allow retrospective adjustments as reported by the City.
- 19.3 Any discrepancies of Claims or fees based upon Eligibility File transfers that result in variances of less than five percent (5%) shall be accepted by Contractor without dispute. Failure to provide written notice of a disputed discrepancy within ten (10) business days after receipt of payment shall be considered Contractor's acceptance of the City's calculations, records, and payments. Contractor shall not assess late fees, penalties, interest, or other charges on disputed amounts while the dispute is being resolved. This is subject to a third-party review at the City's discretion.
- 19.4 Contractor shall submit, in writing, any change in remittance request at least thirty (30) business days in advance of the implementation of the requested change.
- 19.5 The City reserves the right to offset any premiums, fees, or other remittances due to Contractor in order to collect overpayments resulting from incorrect calculations, eligibility adjustments, incorrectly Paid Claims, or other errors or adjustments identified by the City internal audit, operational review, financial analysis, external audit, or other means. If no premiums, fees, or other remittances are due to the Contractor, Contractor shall remit to The City any overpayments resulting from incorrect calculation, eligibility adjustment, incorrectly paid Claim, or other errors or adjustments within thirty (30) Days after identification and communication of such Claim to Contractor. City reserves the right to specify the method of payment of such amount.
- 19.6 Contractor shall have the right to audit/appropriate the City records, at Contractor's expense, to determine the accuracy of fees paid to Contractor.



SECTION II – PROFESSIONAL SERVICES CONSULTING AGREEMENT

CITY OF PHOENIX

- 19.7 Contractor shall reimburse the City for overpayments resulting from incorrect calculations, eligibility errors, incorrectly Paid Claims, system and/or programing errors or other errors or adjustments made by the Contractor that are identified by the City through internal or contracted audit, operational review, financial analysis, or other means, unless caused by the City, regardless of whether or not the Contractor is able to recover the overpayment. The City reserves the right to direct the Contractor to not recover overpayments if it is probable that the recovery would have a Plan Participant impact.
- 19.8 Contractor shall provide to the City any recovery monies within thirty (30) Days from the date of the recovery, including any interest that has been included in the recovery.
- 19.9 Contractor shall not charge the City or offset any costs from a Retail Pharmacy audit recovery even if the Contractor has to pursue additional collection action to recover Retail Pharmacy audit discrepancies.
- 19.10 Contractor shall not charge banking, including late/penalty fees, fees to the City.
- 19.11 All reporting that Contractor submits shall be reconciled to the billed amounts as reported on the monthly electronic Claims data file.
- 19.12 Sales tax shall be included at the point of sale, when applicable.
- 19.13 Contractor shall offer a separate, one-time implementation performance guarantee that incorporates all key milestones identified in the implementation plan to ensure an accurate and timely benefit administration at go-live.
- 19.14 Contractor shall perform comprehensive systems and pre-implementation testing and quality assurance audits with results reported to the City prior to the Contract effective date as part of the base Administrative Fees and at no additional charge to the City.
- 19.15 Contractor shall provide to the City an implementation tracking log that includes documentation of all Plan Participant issues and is updated and shared daily.
- 19.16 Contractor shall provide a competitive implementation credit to cover any cost associated with the transition.
- 19.17 Contractor shall fund the cost of a pre-implementation onsite visit of Contractor's facility for Plan Participants of the City implementation team to be conducted at least 60 Days prior to the start of Claims adjudication. The Contractor shall work with the auditor to run test Claims in a test environment utilizing the City 's actual plan parameters.
- 19.18 Contractor shall waive any charges to the City or the City's Health Plans' Claims administrators such as a set-up fee, a programming fee or a monthly fee, for establishing a connection with a Third Party Administrator/Claims processor for real-time, bidirectional data integration, including non-standard data integration formats.



**SECTION II – PROFESSIONAL SERVICES
CONSULTING AGREEMENT**

CITY OF PHOENIX

20. ACCOUNT MANAGEMENT TEAM:

- 20.1 Contractor shall provide a team of designated and dedicated professionals, responsible for ensuring that all Contract requirements and service deliverables are met by the Contractor. The City reserves the right to approve the staffing of the City service team.
- 20.2 Contractor agrees that the city has the right to review, meet with and approve changes to the key account team assigned to service the City. Contractor agrees not to change the key assigned account team without prior consent from the City. Contractor agrees to provide a transition plan for any changes to the key account team and will provide at least 30 Days notice to the City of the proposed change.
- 20.3 Contractor shall provide an account management team that is experienced in providing services for similar entities, and programs trained in the City Benefit Plan issues, accessible to the City geographically, and with sufficient capacity and authority to respond to the City issues in a timely manner.
- 20.4 The account management team shall include the following individuals:
 - 20.4.1 Executive Sponsor – shall be responsible for working with the City on issues related to legislation and policy and shall provide recommendations to the City senior management. The Executive Sponsor shall work with the entire senior management team in other roles as well.
 - 20.4.2 Clinical Pharmacy Director (CPD) – shall be in support of the City and the Benefit Plan. The CPD shall provide analysis, assessment, and recommendations to the City based on the City’s Formulary trend performance in order to improve the economic and clinical efficiency of its drug spend investment. The CPD shall also provide clinical recommendations to support quality improvement programs, wellness initiatives, and prior authorization guidelines. The CPD shall participate in the City medical director meetings and shall provide clinical recommendations to support quality improvement programs, wellness initiatives, and plan design changes.
 - 20.4.3 Account Manager(s) – shall be the single, day-to-day contact for the City with the primary responsibilities of responding to all Commercial Plan issues, coordinating the efforts of Contractor’s staff to resolve issues, and overseeing all aspects of project management including, but not limited to, the initial implementation and ongoing new program facilitation. The Account Manager shall have a minimum of two (2) years’ experience with the Contractor’s organization or in a similar industry. If possible, the Account Manager shall also be a local resident of Arizona.



SECTION II – PROFESSIONAL SERVICES CONSULTING AGREEMENT

CITY OF PHOENIX

- 20.4.4 IT System Manager – shall be a day-to-day contact who will have the primary responsibility of responding to and resolving all IT-related issues that arise for the duration of the Contract for the Commercial Plans. If applicable, Contractor may assign an IT system manager for each program.
- 20.4.5 Enrollment/Eligibility Lead – shall be a day-to-day contact with the primary responsibility of responding to all Commercial Plan issues related to billing, enrollment, termination, and eligibility. The Enrollment/Eligibility Lead will be responsible for resolving all such issues that surface during implementation, open enrollment, and all ongoing service. If applicable, Contractor may assign an enrollment/eligibility lead for each program.
- 20.4.6 On-Site Representative – Contractor shall provide a minimum of one full-time customer service representative at the City’s place of business in Phoenix, Arizona for the City’s enrollment. The City will provide office space and amenities (with the exception of a personal computer, which is the responsibility of the Contractor) at no additional charge to the Contractor for any representative assigned on-site either permanently or temporarily. In addition, the City reserves the right not to have the representative on-site if the business dictates it is unnecessary according to the City.
- 20.4.7 Customer Service Representative (CSR) Lead – shall be a day-to-day contact who will have the primary responsibility of responding to all Commercial Plan Participant-specific issues including, but not limited to: Formulary coverage, prescription refills, vacation overrides, appeals, prior authorizations, direct Plan Participant reimbursements, and drug shortages. The CSR will also be responsible for resolving all such issues for Plan Participants for the duration of the Contract. If applicable, Contractor may assign a CSR lead for each program.
- 20.4.8 Reporting Analyst – shall be a day-to-day contact who will have the primary responsibility of producing standard and ad hoc reporting for the Commercial program. This includes modeling, presale analytics, and post-implementation reporting for recommended programs.
- 20.4.9 Account Executive(s) - shall be the escalation point for the Account Manager should they be unable to resolve an issue in a timely manner.
- 20.5 Contractor agrees to participate in regular Account Team meetings with the City management as frequently as on a weekly basis immediately following implementation and on at least a monthly basis after implementation is successfully achieved.
- 20.6 Contractor shall respond to account and Plan Participant service issues within one (1) business day and shall include in its response a plan to



SECTION II – PROFESSIONAL SERVICES CONSULTING AGREEMENT

CITY OF PHOENIX

- resolve the issue and a timeframe in which it will do so. Contractor shall respond to all written inquiries and correspondence, with the exception of appeals, within three (3) business days.
- 20.7 Contractor shall provide to the City an escalation process to assist in matters which are unable to be resolved at the account team level.
- 20.8 Contractor shall provide the City with an electronic tracking and resolution log of all open and closed City issues in a mutually agreed to format.
- 20.9 The core members of the key account management team: the account director, account manager, and pharmacist shall meet (on-site or virtual, as deemed appropriate by the City) with the City representatives quarterly within fifty-five (55) Days after the close of each quarter.
- 20.10 Contractor shall participate in quarterly medical review meetings with the City and its contracted medical contractors.
- 20.11 Contractor shall provide all benefits and services stipulated in the Summary Plan Description and in accordance with the current policies and procedures set forth within this Agreement and/or adopted during implementation. Contractor shall assist the City, as requested, in the revisions to the Summary Plan Description.
- 20.12 Contractor shall adhere to all services reasonably required by the City but not otherwise identified within this Agreement, including but not limited to:
- 20.12.1 The review and suggested redline edits of all draft open enrollment plan materials;
 - 20.12.2 The review and suggested redline edits of active, retiree, and COBRA enrollment guidelines;
 - 20.12.3 The review and suggested redline edits of Summary Plan Descriptions and/or summary of benefits and coverage (SBC) documents; and
 - 20.12.4 Cooperation with internal programs, outside consultants, contractors (e.g., medical management contractors, employee assistance contractors, etc.), and auditors.
- 20.13 Contractor shall provide support to the City's contracted medical management services contractor(s) for pre-authorizations, concurrent reviews, discharge planning, demand management call lines, nurse lines, and large case management services with full toll-free access. For all other services, Contractor shall have in place procedures for tracking and responding to after-hours messages.
- 20.14 Contractor shall assist other contractors that are working with the Contractor's social worker/discharge planner to evaluate the Plan Participant's needs and possible alternatives, as well as assisting the Plan Participant in completion of paperwork necessary to qualify for the City or other Contractor discount programs.
- 20.15 Contractor shall provide resources to respond within thirty (30) business days to all inquiries related to quality assurance, corrective actions,



SECTION II – PROFESSIONAL SERVICES CONSULTING AGREEMENT

CITY OF PHOENIX

- deficiencies, and/or inefficiencies in operations. Contractor shall absorb all programming costs associated with data file transfers in current data file compliant formats.
- 20.16 Contractor shall comply with the City's fiduciary language: in performing its obligation to process and adjudicate Claims, Administrative Services Other (ASO) and provide network contracts, Contractor and any subcontractors or independent contractors are obligated to act on behalf of the City in matters which affect City's Benefit Plan.
- 20.17 Upon the City's request and at no additional cost to the City, Contractor shall facilitate the collection of coordination of benefits (COB) information and audit of COB dependents, and shall maintain up-to-date COB information, at minimum, twice per year. Contractor shall verify COB status based on the guidelines and frequency as stipulated by the City during implementation and for the full term(s) of this Agreement.
- 20.18 Contractor shall submit to the City for approval any allowance or delegation of authority during the period of this award for the use of any subcontractor or any other contractor to deliver any Services requested under this Agreement.
- 20.19 Contractor shall provide the necessary staff for plan transitions, annual open enrollment, and/or any special open enrollments that the City deems necessary to administer the Plan as part of the base Administrative Fees with no additional charge to the City.
- 20.20 The open enrollment time period shall be determined by the City. During open enrollment, individuals shall be allowed to join the plan, change coverage, or to add/delete eligible dependents. Open enrollment election changes are effective on the first day of each plan year unless, under special circumstances, or otherwise decided by the City.
- 20.21 Representatives from the account management team shall participate/attend up to twenty (20) open enrollment meetings in various locations throughout Arizona. This shall be offered as part of the base Administrative Fees and with no additional cost to the City.
- 20.22 The City shall conduct a Plan Participant satisfaction survey for all contracted providers and Plan Participants as it relates to Pharmacy Services. The survey shall be conducted annually during the plan year. The City shall provide Contractor with a copy of the survey instrument for its review. Such surveys shall be for the purpose of assessing Plan Participant and provider satisfaction with Services performed by Contractor. Contractor shall provide resources to assist the City in providing resolution to any Plan Participant issues identified as a result of the survey.
- 20.23 Contractor shall support semi-annual account management satisfaction survey/score cards. The survey and scoring methodology shall be approved by the City prior to implementation.



SECTION II – PROFESSIONAL SERVICES CONSULTING AGREEMENT

CITY OF PHOENIX

- 20.24 The City may make public the results of the aforementioned surveys for distribution among Plan Participants, the legislature, and/or the media if requested.
- 20.25 All current policies and procedures not documented within this Agreement or its attachments/exhibits shall be established, in writing, during implementation by the Contractor and modified to current or improved policies and procedures to the satisfaction and approval of the City implementation team.
- 20.26 Contractor shall provide an administrative manual for the Benefit Plan that provides the information necessary for the City team to operate the Program. The manual shall be provided at the time of implementation, and shall be updated on an ongoing basis by the account management team and/or the City. This manual shall be provided as part of the base Administrative Fees and with no additional cost to the City.
- 20.27 The aforementioned manual shall be in a mutually agreed upon format and include, but not be limited to, the following information:
- 20.27.1 Account management structure and contact information
 - 20.27.2 A process for handling questions and a description of the escalation process
 - 20.27.3 Eligibility File layout and exchanges
 - 20.27.4 Claim file extract and exchanges
 - 20.27.5 Billing and payment process
 - 20.27.6 A glossary of pharmacy benefit management (Contractor) terminology
 - 20.27.7 A Contractor catalog for all Plan Participant communication
 - 20.27.8 Eligibility processes and time frames
 - 20.27.9 ID card process (how to order via online, fax, phone, and the corresponding time frames for each)
 - 20.27.10 Listing of plan exclusions
 - 20.27.11 Prescriptions requiring prior authorization
 - 20.27.12 Processes for obtaining prior authorization
 - 20.27.13 Benefit limits (e.g., quantify limits, refill too soon edits, etc.)
 - 20.27.14 Appeals process forms, description or definition of forms, and online location
 - 20.27.15 Coordination of benefit process
 - 20.27.16 Medicare reclamation process including subrogation
 - 20.27.17 Description of implemented specialty and/or clinical programs, including an overview of the program, the process, and how Plan Participants are impacted
 - 20.27.18 Mail order customer service and Claims process
 - 20.27.19 Specialty customer service and Claims process;
 - 20.27.20 Formulary change notification process
 - 20.27.21 Customer service



SECTION II – PROFESSIONAL SERVICES CONSULTING AGREEMENT

CITY OF PHOENIX

- 20.28 Contractor shall provide a customized mailing to Plan Participants ninety (90) Days before the implementation date. The City shall provide a file listing Plan Participants and address for the mailing. The mailing shall notify Plan Participants of the change from the current contractor to the new Contractor, and shall provide relevant information about mail order transition, Formulary transition, etc. The mailing shall be approved by the City prior to sending. This shall be provided at no additional cost to the City.
- 20.29 Contractor shall provide a welcome kit to Plan Participants transitioning from the current contractor as well as to new Plan Participants throughout the year. This kit shall provide a customized introductory letter, ID card(s) if needed, a listing of participating pharmacies, a Formulary listing, postage paid return envelope for mail order, and mail order transition information/forms. This shall be provided at no additional cost to the City.

21. DATA AND SYSTEMS:

- 21.1 Contractor will maintain sufficient system capability to meet the service specifications outlined herein and subsequently in the agreement(s) between your company and the City.
- 21.2 Contractor shall notify the City if their Claim system experiences, or is scheduled to experience delays or shut down that either: a) exceeds your internal standards in this area, or b) would have an adverse impact on Claim payment or customer service.
- 21.3 Contractor shall provide online, real time, Claim system access to the City or its designee, including the ability to override Claims, and access to historical Claims data for up to six (6) years following termination of the Agreement.
- 21.4 Contractor shall maintain at least seven (7) years of Claim and eligibility information at all times. Provide data feeds as requested by the City. Claims and eligibility shall be available in readily retrievable format online or within forty-eight (48) hours of the City's request.
- 21.5 Contractor shall provide different levels of access to each of the City's designees to the online, real time, Claim system so that not all of the City's designees are able to see all details related to Plan Participant Claims in the system.
- 21.6 Contractor shall provide weekly and/or monthly data transmissions (may include feeds to data warehouses) to at least ten (10) chosen contractors at no charge and two full, annual electronic Claims data files, at no charge as needed. Contractor shall interact and/or exchange data with all contractors as needed at no additional charge.
- 21.7 Contractor shall cooperate with other the City-contracted contractors and designated consultants in data integration activities at no additional cost to the City.



SECTION II – PROFESSIONAL SERVICES CONSULTING AGREEMENT

CITY OF PHOENIX

- 21.8 Contractor shall provide technical assistance regarding any data it maintains or reports to the City or its other contracted contractors as it relates to organizing, supplying, or processing the data.
- 21.9 Contractor shall provide to the City all necessary codes, definitions, data sets or subsets, or other information within sixty (60) Days of City's request. Contractor shall provide data dictionaries in industry standard format, including crosswalks. This data shall be held for no less than seven (7) years from termination of the Contract and shall be provided to the City at the termination of the Contract.
- 21.10 All data shall be owned by the City, without exception, and the City shall have access to all data as they request it, both on regular reporting intervals and on an ad-hoc basis as part of the base Administrative Fees and at no additional cost to the City. Contractor shall not use the City Claim experience for analytics or reporting not directly attributed to the City or without CITY written authorization.
- 21.11 Contractor shall maintain the data and make it readily available to the City for no less than seven (7) years from termination of the Contract, and access by the City shall be allowed indefinitely or until such time as the City approves otherwise.
- 21.12 Contractor shall conduct reconciliation on each data feed and work with the appropriate contractors to keep the data accurate and consistent among all parties as part of the base Administrative Fees and at no additional cost to the City.
- 21.13 Contractor shall provide all required electronic file feed(s) as required by the City. Contractor shall not charge programming costs associated with data file transfers in current data file compliant. formats. This data shall be made available through the City's Secure File Transfer Process (SFTP).
- 21.14 Contractor shall revise any data feeds according to any new file specifications requested by the City as part of the base Administrative Fees and at no additional cost to the City.
- 21.15 Contractor shall provide to the City, or any of its designated contracted contractors, any required regular data feeds as requested and as part of the base Administrative Fees with no additional cost to the City. This data shall be made available through the City's, or any of its designated contracted contractors, SFTP.
- 21.16 Contractor shall work with any of its internal systems, subcontractors' systems, or with the City's contracted contractors to identify opportunities to improve operational and program efficiencies.
- 21.17 Contractor shall provide information related to the processing of all Claims in the format specified to the entity identified by the City. Contractor shall populate all Claim fields with the data specified in the electronic Claims file layout and use the Claim data file field naming conventions as identified in



SECTION II – PROFESSIONAL SERVICES CONSULTING AGREEMENT

CITY OF PHOENIX

- the document. Contractor shall not withhold any Claim data fields specified in the standard NCPDP Paid Claims file layout.
- 21.18 Upon notice and determination of system problems, programming problems, or transfer problems, Contractor shall notify the City of the issue immediately. Contractor shall make every effort necessary to correct the problem as soon as possible including, but not limited to working nights, weekends, and holidays to minimize any negative impact to employees, retirees, or dependents and to maintain continual operation of the Benefit Plan at no additional cost to the City.
- 21.19 Contractor shall provide to the City, at a minimum, a monthly full file of all data elements captured in transmission of Claims information, both paid and unpaid, to any party on behalf of, or as directed by, the City.
- 21.20 Contractor shall provide to the City the specific Claim file data elements required by the City to be captured and transmitted via SFTP, prior to the beginning of the plan year.
- 21.21 Contractor shall provide to the City a full electronic file of all enrollment and eligibility data elements, as well as all data elements captured in Claim processing, upon request. The data elements shall be determined prior to the start of the plan year by the City.
- 21.22 The City will provide to Contractor a daily Eligibility File in an electronic format containing sufficient information for Contractor to validate the City's computations. The City may determine it beneficial to change the format in the future and reserves the right to do so.
- 21.23 Contractor shall load and reconcile weekly Eligibility Files within one (1) business day of receipt.
- 21.24 Contractor shall conduct manual eligibility updates as part of the base Administrative Fees and at no additional cost to the City.
- 21.25 Contractor shall coordinate data and communicate regularly with the City's contracted Claim administrator at no charge to the City, regarding subjects such as, but not limited to:
- 21.25.1 Claims data exchange;
 - 21.25.2 Eligibility data exchange;
 - 21.25.3 Medical management notifications;
 - 21.25.4 Special negotiated Claim arrangements on a per-case basis; and/or
 - 21.25.5 Any other Claims authorization or payment negotiation.
- 21.26 Contractor shall accept and maintain, at a minimum, daily employee eligibility data from a hybrid of a "full" and exceptions Eligibility Files transmitted from the City or the City contracted medical contractors. Contractor shall to provide an electronic count of actives and terms and an electronic discrepancy report for each Eligibility File transmitted.
- 21.27 Contractor shall provide eligibility to, and be able to receive eligibility from any the City -contracted contractor in an ANSI 834 format to meet the



SECTION II – PROFESSIONAL SERVICES CONSULTING AGREEMENT

CITY OF PHOENIX

- specific file layout requirements, as agreed to with the City. This shall be done as part of the base Administrative Fees and at no additional cost to the City.
- 21.28 Contractor shall notify the City via e-mail within one (1) business day of discovering any eligibility discrepancy within the file transfer (i.e., errors, duplicates, etc.).
- 21.29 Contractor shall establish appropriate SFTP site(s) to exchange eligibility and pharmacy Claims data daily between itself and the City -contracted medical contractor(s) at no additional cost to the City.
- 21.30 Contractor shall load and reconcile daily and monthly Eligibility Files or other files within one (1) business day of receipt.
- 21.31 Contractor shall allow access to its POS system for six (6) authorized representatives of the City to assist in the adjudication of Claims, including real time viewing and issuing of prior authorization, real time viewing of submitted Claims (denied and adjudicated), and various reference screens. The materials shall be printable from the site by the City and its contracted medical contractors.
- 21.32 Contractor shall establish TLS connections with the City as part of the base Administrative Fees and at no additional cost to the City.
- 21.33 Contractor shall certify that all systems and Services provided as part of this Agreement will be in compliance with HIPAA, its subsequent amendments and changes, and any other applicable state or federal laws. Any violations shall be reported immediately to the City in writing. Contractor shall notify the City of any and all actions taken as a result of any violation.
- 21.34 Contractor shall communicate through HIPAA compliant electronic sites to exchange data between itself and any other required contractor as requested by the City at no additional cost to the City.
- 21.35 Contractor shall provide necessary data files to respond to government requests or class action lawsuits free of charge for the length of the Contract. Such Services shall be provided at standard programmer bill rates after the Contract has terminated.
- 21.36 Contractor shall certify that all applicable systems are in full compliance with ACA requirements, including coordination with the City contracted medical administrators to oversee annual Benefit Plan annual deductible and out-of-pocket limit requirements.
- 21.37 Contractor shall not charge additional fees to establish the interface and/or any other IT Services in the initial set-up or to accept changes to the Claims data file layouts during the term(s) identified as part of the award, and shall ensure that a SFTP exists between it and the contracted medical contractor(s).
- 21.38 Contractor shall provide unlimited, online eligibility updating entry capabilities for the City – with a minimum of fifteen (15) approved users.



**SECTION II – PROFESSIONAL SERVICES
CONSULTING AGREEMENT**

CITY OF PHOENIX

21.39 The City shall develop and the Contractor shall use the Employee Identification Numbers (EINs) issued by the City or alternate ID numbers in a format and style developed by the City. This service shall be included as part of the base Administrative Fees and at no additional cost to the City.

22. REPORTING:

22.1 Contractor shall collect and report statistics and/or summaries on a monthly, quarterly, and annual basis as specified by the City. If the reports do not adequately meet the City requirements, Contractor shall customize the reports to the City's specifications as part of the base Administrative Fees and with no additional cost to the City. The City's requirements may change from time to time during the life of the Contract.

22.2 Contractor shall submit the required to the City -specific reports (see Attachment E Master Reporting Index) to the City within thirty (30) calendar days after the end of the month for monthly reports, within forty-five (45) calendar days after the end of the quarter for quarterly reports and within sixty (60) calendar days after the end of the plan year for annual reports.

22.3 The City shall specify the reporting formats, file specifications, and frequency of written or electronic reports required from the Contractor to the City or from the City to the Contractor during implementation. Additional fees shall not be charged to the City related to the Contractor's standard reports or the designing and developing of required regular or ad-hoc reporting.

22.4 Contractor shall submit data electronically monthly via a secured website and by hard copy, as requested, and according to agreed-upon standards.

22.5 Contractor shall make available to the City, via an online reporting tool, monthly Claim data ten (10) days after the end of the month).

22.6 Contractor shall offer comprehensive onsite or web-based training for the online reporting tool as part of the base Administrative Fees and with no additional cost to the City.

22.7 Contractor shall provide the required electronic Claims data file on a weekly basis. The week shall close on the last business day of each week. Contractor shall populate all Claim fields with the data specified in the electronic Claims file layout and use the Claim file field naming conventions as identified in the document. Contractor shall not withhold any Claim data fields requested.

23. COMMUNICATION MATERIAL, ADVERTISEMENTS, AND MARKETING MATERIAL:

23.1 Contractor shall send all communication materials to Plan Participants using First Class mail unless another class is required or authorized by the City, at no additional cost to the City.



SECTION II – PROFESSIONAL SERVICES CONSULTING AGREEMENT

CITY OF PHOENIX

- 23.2 Contractor shall co-brand any communication material with the Benefit Options logo or other logo as determined by the City, as part of the base Administrative Fees and at no additional cost to the City.
- 23.3 Contractor shall include the dedicated the City toll-free telephone number on the website and on all communication material.
- 23.4 Contractor shall not automatically enroll the City in any programs that involve any type of communication with Plan Participants, without express written consent from the City.
- 23.5 Contractor shall not auto enroll Plan Participants in any program without express written consent from the City and the Plan Participant.
- 23.6 Contractor shall certify that all systems are secure and that information sent via email or provided online by Plan Participants is protected. Contractor shall notify the City immediately upon determination and identification of system- related problems, programming problems, or transfer problems. Contractor shall make every effort necessary to correct such problems immediately in order to minimize any negative impact to Plan Participants and to maintain continual operation of the Benefit Plan.
- 23.7 Contractor shall use employee personal information for purposes designated by the City only, and shall provide assurance that such labels (with employee names and addresses) shall remain confidential.
- 23.8 Contractor shall facilitate links between City websites, other contracted contractors' websites and Contractor's website as part of the base Administrative Fees and at no cost to City.
- 23.9 Contractor shall submit copies of all Plan Participant communication materials and promotional materials to the City. City reserves the right to review, edit, or customize the content of any communication. All such materials shall be approved in writing by the City prior to use in promoting the Benefit Plan to eligible enrollees. Materials include, but are not limited to: notification letters, error/correction letters, form letters for utilization review or denial determinations, newsletters, or any material distributed to fifty (50) or more Plan Participants statewide, any and all advertising specifically noting City Plan Participants.
- 23.10 Contractor shall provide the following City-approved materials, including but not limited to: printing, fulfillment, and postage at no charge to each new Benefit Plan Participant within thirty (30) Days of receipt of eligibility confirmation:
- 23.10.1 A Plan Participant handbook, which includes information on all covered Services, including, but not limited to: benefits, limitations, exclusions, policies and procedures for registering complaints, and appeals. All Plan Participant materials shall be sent to employees via First Class mail unless another class of mail is authorized by City.



SECTION II – PROFESSIONAL SERVICES CONSULTING AGREEMENT

CITY OF PHOENIX

- 23.11 Instructions for Claims processing that are clear and complete. The mailing address for Claims shall be identified on the forms or a pre-addressed Claim envelope. If applicable, Contractor shall provide online Claims processing procedures.
- 23.12 Contractor shall provide a Plan Participant website to review eligibility, Claims information, and general Benefit Plan information as directed by City. Contractor shall provide an appropriate level of access to City, as allowed under City and federal privacy regulations. This shall be done as part of the base Administrative Fees and at no additional cost to City.
- 23.13 Contractor shall have available the following online tools and Services, updated at least quarterly, to ensure the accuracy of the information for Plan Participants and providers as applicable:
- 23.13.1 Mail order status and refill;
 - 23.13.2 Retail network pharmacies locator;
 - 23.13.3 Co-pay and benefit information;
 - 23.13.4 Formulary/drug search, including suggested alternatives for non-Formulary and generic substitution;
 - 23.13.5 Drug pricing tool;
 - 23.13.6 Downloadable prior authorization forms;
 - 23.13.7 e-prescribing and ePA interface tools; and
 - 23.13.8 Step therapy protocols
- 23.14 Contractor shall provide customized Plan Participant communications material, as applicable. Such materials include, but are not limited to: posters and paycheck stuffers, educational videos, and coupons for OTC alternatives. These materials shall be approved by City and included as part of the base Administrative Fee with no additional cost to City.
- 23.15 All Plan Participant communication (e.g. ID cards, Formulary listings, letters, etc.) will be subject to prior and final approval by the City.
- 23.16 Contractor shall not send additional communications, or otherwise correspond with the City Plan Participants, for any other Contractor products/services, except for those explicitly requested by the City to facilitate the Benefit Plan under this Agreement.
- 23.17 Contractor agrees to customize communication materials and that the City will have final sign-off on the documents and messaging on the website and to the Plan Participants. You agree that no communications will be delivered to City enrolled Plan Participants without prior notification to and approval by the City.
- 23.17.1 Contractor agrees to support targeted Plan Participant mailings at the request of City for any new program, or Formulary change that will result in negative (any) Plan Participant impact, and comply with all current federal and state law requirements.
 - 23.17.2 Contractor agrees to provide general communications regarding your maintenance drug list along with targeted communications



SECTION II – PROFESSIONAL SERVICES CONSULTING AGREEMENT

CITY OF PHOENIX

to all Plan Participants that will be disrupted due to changes in the maintenance drug list.

- 23.17.3 Contractor agrees to assist in the development of communications for new clinical programs at the request of the City.
- 23.17.4 Contractor agrees that ID cards will be customized for the City and comply with all current Federal and State requirements.
- 23.17.5 Contractor agrees to mail ID cards to Plan Participants' current mailing address at no cost to the City.
- 23.17.6 Contractor shall participate at onsite open enrollment/health fair employee meetings as part of implementation and on an ongoing basis. Contractor agrees to support participation in these events at no additional charge to the City, and that there is no minimum enrollment requirement for this service.

24. PERFORMANCE GUARANTEES:

- 24.1 Contractor shall place annual penalties at-risk for successfully maintaining the performance guarantees. The City reserves the right to reallocate the total percent of the penalties at-risk for each performance guarantees with no more than twenty-five (25) percent allocated to one (1) performance standard. The City reserved the right to reallocate the amount at-risk for each performance standard on an annual basis.
 - 24.1.1 Contractor agrees the City reserves the right to allocate up to twenty-five (25) percent of the total amount at risk on Performance Guarantees on any ongoing performance guarantee.
 - 24.1.2 Contractor agrees to measure and report quarterly and pay penalties annually within 90 Days of the end of each calendar year, for any Performance Guarantee not met.
 - 24.1.3 Contractor agrees to guarantee quarterly, certain key metrics as determined by the City
- 24.2 Contractor agrees the City may assess a penalty on the Contractor if the Contractor's account team performance, as rated by Plan Participants of the City's benefits management team, if performance does not meet the City's expectations. All Plan Participants of the City's account team will be reviewed as part of this guaranteed measurement. Measurement of client's satisfaction with their account team will be subjective and will be mutually agreed upon by the City and Contractor and will be included in the annual Account Management Survey.
- 24.3 The City may request the inclusion of additional performance measurements annually. Any additional performance measurements shall be mutually agreed upon through a written contract amendment.



SECTION II – PROFESSIONAL SERVICES CONSULTING AGREEMENT

CITY OF PHOENIX

- 24.4 Contractor shall place minimum total annual administrative expenses at risk for all performance guarantee standards in place as shown on Attachment 33 - Financial Template, Performance Guarantees Tab.
- 24.5 Contractor shall measure all performance standards and provide the City any supporting reports specific to the City annually. Reports shall show actual results for the current period versus prior periods; and the guaranteed standard.
- 24.6 Penalties associated with performance guarantees shall be settled as outlined in Attachment 33 - Financial Template, Performance Guarantee Tab.
- 24.7 Performance penalties will be calculated at the same frequency with which performance guarantees are reported, as shown on Attachment 33 of Financial Template, Performance Guarantees Tab.
- 24.8 Penalties associated with required performance guarantees will be assessed as the Penalty Calculation and Assessment details. At no time will quarterly or monthly measurements be re-averaged to alter results.
- 24.9 Contractor shall measure the service performance standards for all customers using the same process platform applied to Contractor's complete book-of-business.
- 24.10 Contractor shall provide to City its quality standards, reporting standards, or performance standards for Administrative Fees, service fees, or hidden charges. This shall be provided as part of the base Administrative Fees and at no additional cost to City.
- 24.11 City reserves the right to offset any premiums, fees, or other remittances due to Contractor in order to collect performance penalties reported by the Contractor or identified by City internal audit, external audit, operational review, financial analysis, or other means. If no premiums, fees, or other remittances are due to City, Contractor shall remit to City any performance penalties within thirty (30) Days after identification and communication of such Claim to Contractor.

25. CREDITS:

- 25.1 Implementation Credit: Contractor shall provide a competitive implementation credit to offset City expenses associated with transition. In no case shall City be required to repay all or a portion of the used or unused Implementation Credit. Any unused amount may be added to the annual administrative credit, or carried forward to following years.
- 25.2 Contractor agrees that you will not need to evaluate the client's use of implementation credits as long as the fees are used in support of City of Phoenix's healthcare benefit.
- 25.3 Pharmacy Management Fund: Contractor shall provide a competitive annual Pharmacy Management fund credit that may be used to offset City's expense for approved expenses. Both the Implementation Credit and



SECTION II – PROFESSIONAL SERVICES CONSULTING AGREEMENT

CITY OF PHOENIX

annual Pharmacy Management fund Credits may include but not be limited to the following Services:

- 25.3.1 File format conversions
- 25.3.2 Claims history file uploads from incumbent contractor
- 25.3.3 Prior authorization file uploads from incumbent contractor
- 25.3.4 Contractor expenses associated with supporting a third party audit
- 25.3.5 Report customizations
- 25.3.6 Plan Participant letter customizations
- 25.3.7 On-site training
- 25.3.8 Non-standard ID cards
- 25.3.9 Benefit or clinical management programs
- 25.3.10 City engaged consultants (e.g., for this Agreement, for implementations support, etc.)
- 25.3.11 Mailing(s) and postage
- 25.3.12 Explanation of Benefits (EOB) mailings
- 25.4 Annual Audit: Contractor shall pay the full cost of City designated auditor's fees and out-of-pocket expenses related to annual audits, including but not limited to: Claims, performance guarantees, Rebates, etc. Contractor shall offer a competitive audit fund for these audits. At no point shall City be required to pay for used or unused portions of the audit amount offered by Contractor.
- 25.5 Contractor shall reimburse City for these credits through by check or wire/ACH (at the City's discretion) within thirty (30) Days of receiving an invoice from City.
- 25.6 Contractor shall be responsible for payment of an independent, third party auditor annually.

26. ATTACHMENTS APPLICABLE TO THE SCOPE OF WORK:

The following attachments are provided for informational purposes only, to aid you as you prepare your Offer. These attachments do not need to be returned with your Offer.

Attachment A – City's Maintenance Drug List

Attachment B – Formulary

Attachment C1 – Pharmacy Claims Data File - Actives (Jan 1–Dec 31, 2021)

Attachment C2 – Pharmacy Claims Data File - Retirees (Jan 1–Dec 31, 2021)

Attachment D1 – Medical Summary Plan Documents (SBCs)

Attachment D2 – Medical Summary Plan Documents (SPDs)

Attachment E – Master Reporting Index

Attachment F – Clinical Program Management

Attachment G – 2022 Employee Benefits Guide

Attachment H – 2022 Retiree Benefits Guide

Attachment I – Example Claims Invoice



**SECTION II – PROFESSIONAL SERVICES
CONSULTING AGREEMENT**

CITY OF PHOENIX

EXHIBIT B – FEE SCHEDULE

Most Favored Nations: If the Contractor enters (or has previously entered) any written agreement that has the effect of establishing Fee Schedule benefitting another Client with a similarly sized and risked employee pool in a manner more favorable in any material respect to Fee Schedule set forth herein, the Contractor shall furnish to the City as soon as reasonably practicable, a compendium containing the more favorable Fee Schedule (an “Election Notice”). The City may elect to receive the more favorable Fee Schedule set forth in such Election Notice that are reasonably applicable to the City upon written notice to the Contractor within thirty (30) days of receipt of a copy of such Election Notice.

The initial rates shall be guaranteed for three years, from January 1, 2024 through December 31, 2026.

The City shall have the right to terminate without penalty if the pricing terms are not industry competitive.

Contractor’s Fee Schedule will be inserted upon award.

Refer to Attachment 33 – Financial Template for completion of the pricing.



**SECTION II – PROFESSIONAL SERVICES
CONSULTING AGREEMENT**

CITY OF PHOENIX

EXHIBIT C - INDEMNIFICATION & INSURANCE REQUIREMENTS

1. DEFENSE & INDEMNIFICATION:

Contractor (“Indemnitor”) must defend, indemnify, and hold harmless the City of Phoenix and its officers, officials (elected or appointed), agents, and employees (“Indemnitee”) from and against any and all claims, actions, liabilities, damages, losses, or expenses (including but not limited to court costs, attorney fees, expert fees, and costs of claim processing, investigation and litigation) of any nature or kind whatsoever (“Losses”) caused, or alleged to be caused, in whole or in part, by the wrongful, negligent or willful acts, or errors or omissions of Indemnitor or any of its owners, officers, directors, members, managers, agents, employees or subcontracts (“Indemnitor’s Agents”) arising out of or in connection with this Agreement. This defense and indemnity obligation includes holding Indemnitee harmless for any Losses or other amount arising out of or recovered under any state’s Workers’ Compensation Law or arising out of the failure of Indemnitor or Indemnitor’s Agents to conform to any federal, state or local law, statute, ordinance, rule, regulation or court decree. Indemnitor’s duty to defend Indemnitee accrues immediately at the time a claim is threatened or a claim is made against Indemnitee, whichever is first. Indemnitor’s duty to defend exists regardless of whether Indemnitor is ultimately found liable. Indemnitor must indemnify Indemnitee from and against any and all Losses, except where it is proven that those Losses are solely as a result of Indemnitee’s own negligent or willful acts or omissions. Indemnitor will be responsible for primary loss investigation, defense and judgment costs where this indemnification applies. In consideration of the award of this Agreement, Indemnitor agrees to waive all rights of subrogation against Indemnitee for losses arising from or related to any work performed by Indemnitor or Indemnitor’s Agents for the City of Phoenix. The obligations of Indemnitor under this provision survive the termination or expiration of this Agreement.

2. CONTRACTOR’S INSURANCE:

Contractor and subcontracts must procure insurance against claims that may arise from or relate to performance of the work hereunder by Contractor and its agents, representatives, employees and subcontracts. Contractor and subcontracts must maintain that insurance until all their obligations have been discharged, including any warranty periods under this Agreement.

The City in no way warrants that the limits stated in this section are sufficient to protect the Contractor from liabilities that might arise out of the performance of the work under this Agreement by the Contractor, its agents, representatives, employees or subcontracts and Contractor may purchase additional insurance as they determine necessary.



**SECTION II – PROFESSIONAL SERVICES
CONSULTING AGREEMENT**

CITY OF PHOENIX

2.1 SCOPE AND LIMITS OF INSURANCE: Contractor must provide coverage with limits of liability not less than those stated below. An excess liability policy or umbrella liability policy may be used to meet the liability limits provided that (1) the coverage is written on a “following form” basis, and (2) all terms under each line of coverage below are met.

2.1.1 Commercial General Liability – Occurrence Form

General Aggregate	\$2,000,000
Products – Completed Operations Aggregate	\$1,000,000
Personal and Advertising Injury	\$1,000,000
Each	\$1,000,000

- The policy must name the City of Phoenix as an additional insured with respect to liability for bodily injury, property damage and personal and advertising injury with respect to premises, ongoing operations, products and completed operations and liability assumed under an insured contract arising out of the activities performed by, or on behalf of the Contractor related to this Agreement.
- There shall be no endorsement or modification which limits the scope of coverage or the policy limits available to the City of Phoenix as an additional insured.
- City of Phoenix is an additional insured to the full limits of liability purchased by the Contractor.
- The Contractor’s insurance coverage must be primary and non-contributory with respect to any insurance or self-insurance carried by the City.

2.1.2 Automobile Liability

Bodily Injury and Property Damage coverage for any owned, hired, and non-owned vehicles used in the performance of this Agreement.

Combined Single Limit (CSL)	\$1,000,000
-----------------------------	-------------

- The policy must be endorsed to include the City of Phoenix as an additional insured with respect to liability arising out of the activities performed by, or on behalf of the Contractor, relating to this Agreement.



**SECTION II – PROFESSIONAL SERVICES
CONSULTING AGREEMENT**

CITY OF PHOENIX

- City of Phoenix is an additional insured to the full limits of liability purchased by the Contractor.
- The Contractor’s insurance coverage must be primary and non-contributory with respect to any insurance or self-insurance carried by the City.

2.1.3 Worker’s Compensation and Employers’ Liability

Workers’ Compensation Statutory Employers’ Liability:

Each Accident	\$100,000
Disease – Each Employee	\$100,000
Disease – Policy Limit	\$500,000

- Policy must contain a waiver of subrogation against the City of Phoenix.
- This requirement does not apply when a contractor or subcontract is exempt under A.R.S. §23-902(E), **AND** when such contractor or subcontract executes the appropriate sole proprietor waiver form.

2.1.4 Professional Liability (Errors and Omissions Liability)

Each Claim	\$1,000,000
Annual Aggregate	\$1,000,000

- The policy must cover liability arising from the failure to meet the professional standards required or expected in the delivery of those Services as defined in the Scope of Services of this Agreement.
- Contractor warrants that any retroactive date under the policy must precede the effective date of this Agreement; and that either continuous coverage will be maintained, or an extended reporting period will be exercised for a period of two (2) years beginning at the time work under this Agreement is completed.

2.1.5 Network Security and Privacy Liability

Each Claim	\$1,000,000
Annual Aggregate	\$1,000,000

- Policy must cover but not be limited to (1) coverage for third party claims and losses with respect to network risk and invasion of privacy (2) crisis management and third party identity theft response costs and (3) cyber extortion.



SECTION II – PROFESSIONAL SERVICES CONSULTING AGREEMENT

CITY OF PHOENIX

- Contractor warrants that any retroactive date under the policy must precede the effective date of this Agreement; and that either continuous coverage will be maintained, or an extended reporting period will be exercised for a period of two (2) years beginning at the time work under this Agreement is completed.

2.2 NOTICE OF CANCELLATION: For each insurance policy required by the insurance provisions of this Agreement, the Contractor must provide to the City, within 5 business days of receipt, a notice if a policy is suspended, voided or cancelled for any reason. Such notice must be mailed, emailed, or hand delivered to **Margie Vasquez, Human Resources Department, 251 W Washington Street, 7th Floor, Phoenix, AZ 85003.**

2.3 ACCEPTABILITY OF INSURERS: Insurance is to be placed with insurers duly licensed or authorized to do business in the state of Arizona and with an “A.M. Best” rating of not less than B+ VI. The City in no way warrants that the required minimum insurer rating is sufficient to protect the Contractor from potential insurer insolvency.

2.4 VERIFICATION OF COVERAGE: Contractor must furnish the City with certificates of insurance (ACORD form or equivalent approved by the City) as required by this Agreement. The certificates for each insurance policy are to be signed by a person authorized by that insurer to bind coverage on its behalf.

All certificates and any required endorsements are to be received and approved by the City before work commences. Each insurance policy required by this Agreement must be in effect at or prior to commencement of work under this Agreement and remain in effect for the duration of the project. Failure to maintain the insurance policies as required by this Agreement or to provide evidence of renewal is a material breach of contract.

All certificates required by this Agreement must be sent directly to **Margie Vasquez, Human Resources Department, 251 W Washington Street, 7th Floor, Phoenix, AZ 85003.** The City project/contract number and project description must be noted on the certificate of insurance. The City reserves the right to review complete copies of all insurance policies required by this Agreement at any time. **DO NOT SEND CERTIFICATES OF INSURANCE TO THE CITY’S RISK MANAGEMENT DIVISION.**

2.5 SUBCONTRACTS: Contractor’s certificates shall include all subcontracts as additional insureds under its policies **OR** Contractor shall be responsible for ensuring and verifying that all subcontracts have valid and collectable insurance. At any time throughout the life of the contract, the City of Phoenix reserves the



**SECTION II – PROFESSIONAL SERVICES
CONSULTING AGREEMENT**

CITY OF PHOENIX

right to require proof from the Contractor that its subcontracts have insurance coverage. All subcontracts providing Services included under this Agreement's Scope of Services are subject to the insurance coverages identified above and must include the City of Phoenix as an additional insured. In certain circumstances, the Contractor may, on behalf of its subcontracts, waive a specific type of coverage or limit of liability where appropriate to the type of work being performed under the subcontract. Contractor assumes liability for all subcontracts with respect to this Agreement.

- 2.6 APPROVAL:** Any modification or variation from the insurance coverages and conditions in this Agreement must be documented by an executed contract amendment.



**SECTION II – PROFESSIONAL SERVICES
CONSULTING AGREEMENT**

CITY OF PHOENIX

EXHIBIT D - CONTRACTOR'S INSURANCE CERTIFICATE

Contractor's Insurance Certificate

(Note: This requirement only applies to the successful Offeror –
do not submit a copy with your Offer)



**SECTION II – PROFESSIONAL SERVICES
CONSULTING AGREEMENT**

CITY OF PHOENIX

EXHIBIT E - SUPPLEMENTAL TERMS AND CONDITIONS

1. NON-ASSIGNABILITY:

- 1.1 This Agreement is in the nature of a personal services agreement and Contractor shall have no power to assign its rights and obligations under this Agreement without the prior written consent of the City. Any attempt to assign without such prior written consent shall be void.
- 1.2 Contractor shall promptly notify the City within ten (10) days of becoming aware of any change to its ownership, partners, or control affecting ten percent (10%) or greater interest, any acquisition by it of ten percent (10%) or greater interest in any subsidiary, and any new agreement with, by, or between any affiliates that is relevant to the Contract.

2. KEY PERSONNEL

- 2.1 The Contractor shall assign experienced personnel capable of and devoted to the successful accomplishment of the Services outlined in this Agreement. See Section II, Exhibit A, Scope of Work. These specific individuals shall be assigned to key positions as follows:
 - Name, Title
 - Name, Title
 - Name, Title
- 2.2 The resulting contract is predicated, in part and among other considerations, on the utilization of the specific individual(s) and/or personnel qualification(s) identified and/or described in the Contractor's Offer. Therefore, no substitution of such specified individuals and/or personnel shall be made without prior written approval of the City.
- 2.3 Key personnel changes: Proposed substitution of personnel under this Agreement shall be of equal experience and/or shall exceed the current incumbent's experience and qualifications.
 - 2.3.1 Resume: Provide a resume of the proposed personnel. Include relevant experience and qualifications specific to the Services outlined in this Solicitation and resulting contract.
 - 2.3.2 Organization chart: Provide a revised organizational chart to the City.
- 2.4 **Notice to City:** Contractor shall provide an advance notice of fourteen (14) calendar days for all key personnel changes. For immediate staff changes where this timeframe is not possible, the Contractor shall notify the City of staff changes immediately, or not to exceed forty-eight (48) hours of the Contractor being notified by their staff.



SECTION II – PROFESSIONAL SERVICES CONSULTING AGREEMENT

CITY OF PHOENIX

2.5 City's Review: The City will review the proposed staff member's resume and determine if the experience and qualifications is equal to and/or exceeds. The City will provide a written response within ten (10) business days to the Contractor indicating acceptance or declining the proposed personnel. The City is the sole decision-maker of replacement personnel assigned to the resulting contract.

2.6 The City's approval of a personnel substitution shall not be construed as an acceptance of the substitution's performance potential. The Contractor shall bear all transitional expenses incurred for any costs associated with removing or replacing Key Personnel who are performing work under the contract.

3. PRICE

The initial rates shall be guaranteed for three years, from January 1, 2024 through December 31, 2026.

Thereafter, the Contractor shall provide renewal rates to the City at least 180 calendar days prior to the contract anniversary date to the Procurement Officer. Price increase requests shall be accompanied with written documentation to support the increase, applicable change in law, etc. Price decrease requests do not require supporting documentation and are allowed at any time during the contract term.

The City will be the sole judge in determining the allowable increase amount. Price increases agreed to by any staff are invalid. The Contractor acknowledges and agrees to repay all monies paid because of a requested price increase unless the increase was specifically approved, in writing, by the Human Resources Director.

4. TITLE:

All documents including but not limited to artwork, copy, posters, billboards, photographs, video tapes, audio tapes, systems designs, drawings, estimates, field notes, investigations, software, reports, diagrams, surveys, analyses, studies or any other original works of authorship created by Contractor in the performance of this Agreement are to be and remain "works for hire" under Title 17, United States Code, and the property of the City and all copyright ownership and authorship rights in the work(s) shall belong to the City pursuant to 17 U.S.C. § 201(b). In the event that the work(s) that is/are the subject matter of this Agreement is deemed to not be work for hire, then Contractor hereby assigns to the City all of the right, title and interest for the entire world in and to the work(s) and the copyright therein. Contractor agrees to cooperate and execute additional documents reasonably necessary to conform to its obligations under this paragraph.



SECTION II – PROFESSIONAL SERVICES CONSULTING AGREEMENT

CITY OF PHOENIX

All documents, together with all unused materials supplied by the City, are to be delivered to the City upon termination of this Agreement before the final payment is made to Contractor.

5. CONTRACT WORKER ACCESS CONTROLS, BADGE AND KEY ACCESS REQUIREMENT:

5.1 Contractor and Subcontract Workers Background Screening: Contractor agrees that all Contractor and subcontracts' workers (collectively "Contract Worker(s)") pursuant to this Agreement will be subject to background and security checks and screening (collectively "Background Screening") at Contractor's sole cost and expense, unless otherwise provided for in the scope of work. Contractor's background screening will comply with all applicable laws, rules and regulations. Contractor further agrees that the background screening is necessary to preserve and protect the public health, safety and welfare.

5.1.1 Contractor shall provide a completed Contract Worker Badge/Key/Intrusion Detection Responsibilities Agreement for each Contract Worker who requires a badge or key.

5.2 Background Screening Risk Level: The City has established two levels of risk: Standard and Maximum risk. If the scope of work changes, the City may amend the level of risk, which could require the Contractor to incur additional contract costs to obtain background screens or badges.

5.3 Terms of This Section Applicable to all Contractor's Contracts and Subcontracts: Contractor will include Contract Worker background screening in all contracts and subcontracts for Services furnished under this agreement.

5.4 Materiality of Background Screening Requirements; Indemnity: The background screening requirements are material to City's entry into this agreement and any breach of these provisions will be deemed a material breach of this Agreement. In addition to the indemnity provisions set forth in this agreement, Contractor will defend, indemnify and hold harmless the City for all claims arising out of this background screening section including, but not limited to, the disqualifications of a Contract Worker by Contractor. The background screening requirements are the minimum requirements for the Agreement. The City in no way warrants that these minimum requirements are sufficient to protect Contractor from any liabilities that may arise out of the Contractor's Services under this Agreement or Contractor's failure to comply with this section. Therefore, Contractor and its Contract Workers will take any reasonable, prudent and necessary measures to preserve and protect public health, safety and welfare when providing Services under this Agreement.

5.5 Continuing Duty; Audit: Contractor's obligations and requirements will continue throughout the entire term of this Agreement. Contractor will maintain



SECTION II – PROFESSIONAL SERVICES CONSULTING AGREEMENT

CITY OF PHOENIX

all records and documents related to all background screenings and the City reserves the right to audit Contractor's records.

6. BACKGROUND SCREENING – MAXIMUM RISK:

6.1 The current risk level and background screening required for this agreement is **MAXIMUM RISK**.

6.2 Maximum Risk Level: A maximum risk background screening will be performed every five years when the Contract Worker's work assignment will:

- work directly with vulnerable adults or children, (under age 18); or
- any responsibility for the receipt of payment of City funds or control of inventories, assets, or records that are at risk of misappropriation; or unescorted access to:
 - City data centers, money rooms, high-valve equipment rooms; or
 - unescorted access to private residences; or
 - access to critical infrastructure sites/facilities; or
 - direct or remote access to Criminal Justice Information Systems (CJIS) infrastructure.

6.3 **Requirements:** The background screening for maximum risk level will include a background check for real identity/legal name and will include felony and misdemeanor records from any county in the United States, the State of Arizona, plus any other jurisdiction where the Contractor worker has lived at any time in the preceding seven years from the Contract Worker's proposed date of hire. In addition, Maximum screening levels may require additional checks as included herein, depending on the scope of work, and may be amended if the scope of work changes.

6.4 **Contractor Certification; City Approval of Maximum Risk Background Screening:** Unless otherwise provided for in the Scope of Work, Contractor will be responsible for:

- determining whether Contract Worker(s) are disqualified from performing work for the City for maximum risk level background checks; and,
- submitting pass/fail results to the City for approval; and,
- reviewing the results of the background check every three to five years, dependent on scope; and,
- to engage in whatever due diligence is necessary to make the decision on whether to disqualify a Contract Worker; and,
- Submitting the list of qualified Contract Workers to the contracting department; and,
- If, upon review of the background information, the City will advise the Contractor if it believes a Contract Worker should be disqualified. The Contractor will evaluate the Contract Worker and if the Contractor believes that there are extenuating circumstances that suggest that the person should not be disqualified, the Contractor will discuss those circumstances



SECTION II – PROFESSIONAL SERVICES CONSULTING AGREEMENT

CITY OF PHOENIX

with the contracting department. The contracting department decision on disqualification of a Contract Worker is final.

- For sole proprietors, the Contractor must comply with the background check for himself and any business partners, or members or employees who will assist on the contract and for whom the requirements of the Agreement apply.
- By executing this Agreement, Contractor certifies and warrants that Contractor has read the background screening requirements and criteria in this section, and that all background screening information furnished to the City is accurate and current.
- The City final documented decision will be an “approve” or “deny” for identified Contract Workers.
- The City will not keep records related to background checks once they are confirmed. Information to verify the results will be returned to the Contractor, or any contracted agency that assists with review, after the City’s completed review.
- By executing this Agreement, Contractor further certifies and warrants that Contractor has satisfied all such background screening requirements for the maximum risk background screening, and verified legal worker status, as required.
- Contract Workers will not apply for the appropriate City of Phoenix identification and access badge or keys until Contractor has received the City’s written acceptance of Contract Worker’s maximum risk background screening. The City may, in its sole discretion, accept or reject any or all the Contract Workers proposed by Contractor for performing work under this Agreement. A Contract Worker rejected for work at a maximum risk level under this agreement will not be proposed to perform work under other City contracts or engagements without City’s prior written approval.

- 6.5** The background checks will be conducted prior to any employee entering to work and will be based upon information provided to the Police Department including, but not limited to: name, address, date and place of birth, social security number, INS number if applicable, and a copy of a valid photo identification. The information will be provided to the Human Resources Department at least five business days (excluding weekends and holidays) in advance of the need for access. The form will be provided by Human Resources Department. A designated Human Resources Department representative will conduct the security check.

The City may, at any time, in its sole discretion, refuse to allow an employee access to an area for any of the following reasons, but not limited to:

- Conviction of a felony.



**SECTION II – PROFESSIONAL SERVICES
CONSULTING AGREEMENT**

CITY OF PHOENIX

- Conviction of a misdemeanor (not including traffic or parking violation).
- Any outstanding warrants (including traffic and parking violations).
- A person currently on parole or probation.
- A person currently involved in an investigation.

7. COOPERATIVE AGREEMENT:

In addition to the City and with approval of the Contractor, this Agreement may be extended for use by other municipalities and government agencies of the State of Arizona.

A current listing of eligible entities may be found at [S.A.V.E. | Maricopa County, AZ](#) and then click on Contracts, “S.A.V.E.” listing and “ICPA”. Any such usage by other entities must be in accordance with the ordinance, charter and/or procurement rules and regulations of the respective political entity.

Orders placed by other agencies and payment thereof will be the sole responsibility of that agency. The City shall not be responsible for any disputes arising out of transactions made by other public entities who utilize this Agreement.



SECTION III – EVALUATION REQUIREMENTS

CITY OF PHOENIX

SECTION III – EVALUATION REQUIREMENTS

1. EVALUATION CRITERIA

In accordance with the Administrative Regulation, 3.10, Competitive Sealed Proposal awards shall be made to the responsible Offeror(s) whose proposal is determined in writing to be the most advantageous to the City based upon the evaluation criteria listed below. The evaluation factors are listed in the relative order of importance.

Qualifications, Experience and References	250 POINTS
Method of Approach	450 POINTS
Pricing	300 POINTS
TOTAL AVAILABLE POINTS:	1000 Maximum

NOTE: Please provide a response to all sections identified in the Evaluation Requirements Section. Include completed responses to all of the required attachments and provide any additional documentation as requested by the City or additional information as deemed appropriate by the Offeror which demonstrates compliance.

Failure to provide the information may result in deduction of possible points awarded for each criteria identified above.

Submittal Note:

- Submit all PDF sections as ONE single PDF document.
- Submit all Excel sections as an Excel file and as ONE single PDF document.

For ease of evaluation, the City is requesting that Offerors' responses be submitted in the order indicated below and must contain the following:

SECTION 1 – TITLE PAGE (PDF)

The Title page should include the RFP number and title, name and address of the Offeror(s), and the date of the proposal.

SECTION 2 – COVER LETTER (PDF)

Attachment 1 (PDF)

The cover letter will provide a brief history of the Offeror and its organization(s). Describe your organization, including such information as when it was organized, when it began operations (retail program and mail-order pharmacy), its history, and the names of any persons or companies that own at least 10% of the company.



SECTION III – EVALUATION REQUIREMENTS

CITY OF PHOENIX

Indicate that by executing the Submittals and submitting an Offer that terms outlined throughout this RFP process (within your response and any enhancements thereafter) must remain in place through negotiations and be part of the final contract unless specifically waived by the City in writing.

An officer authorized to bind the Offeror to the terms and condition of this RFP must sign the cover letter transmitting the proposal.

SECTION 3 – TABLE OF CONTENTS (PDF)

The Table of Contents shall include references for all sections and sub-sections within the Offer. Please include the corresponding page numbers.

SECTION 4 – QUALIFICATIONS, EXPERIENCE AND REFERENCES (PDF)

Evaluation of Qualifications, Experience and References will be based on the Offeror's demonstrated qualifications and experience in successfully completing similar projects to the satisfaction of their customers. *To demonstrate compliance to this section, please complete the Excel Attachment 34, RFP Questionnaire, Tab 3 – Client Experience and provide the information below.*

Attachment 2 (PDF) - Resumes

Up to one page resume for each proposed professional Staff (includes all positions identified in the Organizational chart). Resumes shall reflect relevant experience and qualifications for the Services as outlined in this Solicitation. *To demonstrate compliance to this section, please complete the Excel Attachment 34, RFP Questionnaire, Tab 2 – Respondent Information Tab (Question 3).*

Attachment 3 (PDF) - Organization Charts

Provide an Organizational chart for each proposed team. Include proposed staffing for the City (role, % dedication or number of FTEs, and start and end date) that you believe will be necessary to support each project team's work. *Refer to Attachment 34, RFP Questionnaire, Tab 2 – Respondent Information (Question 9) for additional information regarding the following teams:*

- a) Implementation Team
- b) Account Management Team
- c) Customer Service Team
- d) Analytics
- e) Clinical Support



SECTION III – EVALUATION REQUIREMENTS

CITY OF PHOENIX

Attachment 4 (PDF)

Submit a letter from a bonding or insurance company stating that the Offeror can qualify for and procure the performance bond and/or payment surety required per Section I, Paragraph 31, Statement of Bonding Ability.

References

The References information shall be included in RFP Section IV – Submittals. The City reserves the right to contact these references and discuss the client's level of satisfaction with the Offeror and its solution(s).

SECTION 5 – METHOD OF APPROACH (PDF)

Evaluation of Method of Approach will be based on the Offeror's demonstrated ability to meet the City's project requirements, project implementation and the project schedule which demonstrates the ability to begin work quickly and ensure all services will begin by January 1, 2024.

Narrative of City's project requirements:

Provide a narrative response to describe your ability to comply with the City's requirements identified in Exhibit A: Scope of Work and provide a detailed description which demonstrates your understanding of the requirements and describe the Offeror's services offered.

Attachment 5 (PDF)

Provide two (2) case studies which demonstrates your experience administering Pharmacy Benefits. *Refer to Attachment 34, RFP Questionnaire, Tab 2 – Respondent Information (Question 9) for additional information.*

Attachment 6 (PDF)

Provide a summary description of each clinical program offered. *Refer to Attachment 34, RFP Questionnaire, Tab 4 – Clinical Programs (Question 9) for additional information.*

Attachment 7 (PDF)

Provide a copy of your preventive medications (\$0 Copay) formulary. *Refer to Attachment 34, RFP Questionnaire, Tab 6 – Formulary & Clinical Management (Question 1).*

Attachment 8 (PDF)

Provide a copy of your maintenance medications for HDHPs (\$0 Copay). *Refer to Attachment 34, RFP Questionnaire, Tab 6 – Formulary & Clinical Management (Question 2).*



SECTION III – EVALUATION REQUIREMENTS

CITY OF PHOENIX

Attachment 9 (PDF and Excel)

Provide an electronic copy of your open and closed formulary. *Refer to Attachment 34, RFP Questionnaire, Tab 6 – Formulary & Clinical Management (Question 18).*

Attachment 10 (PDF)

Narrative describing the current DUR edits in your adjudication system. Include the items listed in Question 37. *Refer to Attachment 34, RFP Questionnaire, Tab 6 – Formulary & Clinical Management (Question 37).*

Attachment 11 (PDF)

Provide a list of Biosimilar medications covered in your formulary. *Refer to Attachment 34, RFP Questionnaire, Tab 7 – Specialty Pharmacy Services (Question 17).*

Attachment 12 (PDF)

Provide the PA criteria for your top 10 specialty medications by volume. *Refer to Attachment 34, RFP Questionnaire, Tab 7 – Specialty Pharmacy Services (Question 20).*

Attachment 13 (PDF)

Provide the most recent 2 years of audit results of your specialty pharmacy. *Refer to Attachment 34, RFP Questionnaire, Tab 7 – Specialty Pharmacy Services (Question 22).*

Attachment 14 (PDF)

Provide a copy of your value based contracts for specialty medications. If not applicable, indicate not applicable on your response as Attachment 14. *Refer to Attachment 34, RFP Questionnaire, Tab 7 – Specialty Pharmacy Services (Question 24).*

Attachment 15 (PDF)

Provide a sample mail order introduction kit. *Refer to Attachment 34, RFP Questionnaire, Tab 8 – Mail Order (Question 1).*

Attachment 16 (PDF)

Provide a schematic of the specialty pharmacy's operation and procedures. *Refer to Attachment 34, RFP Questionnaire, Tab 8 – Mail Order (Traditional Mail Order - Question 6).*

Attachment 17 (PDF)

Provide a schematic of the mail order pharmacy's operation and procedures. *Refer to Attachment 34, Tab 8 – Mail Order (Specialty Mail Order - Question 5).*



SECTION III – EVALUATION REQUIREMENTS

CITY OF PHOENIX

Attachment 18 (PDF)

Provide a copy of your network audit protocols. *Refer to Attachment 34, RFP Questionnaire, Tab 9 – Network & Provider Management (Question 9).*

Attachment 19 (PDF)

Provide a copy of your disaster recovery plan for IT, customer service, finance and computer/communication systems. *Refer to Attachment 34, RFP Questionnaire, Tab 10 – Administrator Operations (Question 13).*

Attachment 20 (PDF)

Provide a copy of your internal audit guidelines and process for the activities listed. *Refer to Attachment 34, RFP Questionnaire, Tab 12 – Audit Rights (Question 7).*

Attachment 21 (PDF)

Provide a copy of your most recent SSAE18 SOC1 & SOC2 and SAS70 reports. *Refer to Attachment 34, RFP Questionnaire, Tab 13 – Security (Question 9).*

Attachment 22 (PDF)

Provide a detailed description of the Project Implementation Plan to include description of all critical milestones and any and all proposed training plan (during implementation and on-going during the contract period as applicable). Clearly describe how you will ensure services will begin timely for Plan Year effective January 1, 2024.

Provide a detailed project schedule with includes at a minimum: major milestones, deliverables, project implementation, reporting, data migration (if applicable), and final acceptance. Note: The project schedule will be finalized following contract award. The City reserves the right to make adjustments as deemed appropriate for a successful implementation. Include the items listed in Question 1. *Refer to Attachment 34, RFP Questionnaire, Tab 15 – Implementation Services (Question 1).*

Attachment 23 (PDF)

Provide a copy of your Quality Control process, include the items listed in Question 2. *Refer to Attachment 34, RFP Questionnaire, Tab 15 – Implementation Services (Question 2).*

Attachment 24 (PDF)

Provide a copy of your Satisfaction Survey. Include the items listed in Question 6. *Refer to Attachment 34, RFP Questionnaire, Tab 16 – Plan Participant Services (Question 6).*

Attachment 25 (PDF)

Provide a copy of your Grievance Protocols. *Refer to Attachment 34, RFP Questionnaire, Tab 16 – Plan Participant Services (Question 15).*



SECTION III – EVALUATION REQUIREMENTS

CITY OF PHOENIX

Attachment 26 (PDF)

Provide a copy of your Formulary Change Notification notice. *Refer to Attachment 34, RFP Questionnaire, Tab 16 – Plan Participant Services (Question 19).*

Attachment 27 (PDF)

Provide a copy of your rebate reconciliation report. *Refer to Attachment 34, RFP Questionnaire, Tab 18 – Financial & Pricing (Question 16).*

Attachment 28 (PDF)

Provide a copy of your SAMPLE invoice. *Refer to Attachment 34, RFP Questionnaire, Tab 19 – Cost & Billing (Question 1).*

Attachment 29 (PDF)

Provide a copy of your data fields with paid claims data file. *Refer to Attachment 34, RFP Questionnaire, Tab 19 – Cost & Billing (Question 1).*

Attachment 30 (PDF)

Provide a description of your escalation process to resolve issues. *Refer to Attachment 34, RFP Questionnaire, Tab 20 – Account Management Team (Question 9).*

Attachment 31 (PDF)

Provide a SAMPLE set of standard reports. *Refer to Attachment 34, RFP Questionnaire, Tab 22 – Reporting (Question 7).*

Attachment 32 (PDF)

Provide a SAMPLE annual review. *Refer to Attachment 34, RFP Questionnaire, Tab 22 – Reporting (Question 11).*

SECTION 6 – EVALUATION PRICING (PDF and Excel)

Attachment 33 – Financial Template

Complete the Excel worksheet in full, as applicable.

SECTION 7 – RFP QUESTIONNAIRE (PDF and Excel)

Attachment 34 – RFP Questionnaire

Complete the Excel worksheet in full, as applicable.

SECTION 8 – SECURITY AND MATURITY QUESTIONNAIRE (PDF and Excel)

Attachment 35 – Security and Maturity Questionnaire

Complete the Excel worksheet in full, as applicable.



SECTION IV – SUBMITTALS

CITY OF PHOENIX

SECTION IV - SUBMITTALS

AFFIDAVIT

1. The undersigned Offeror hereby submits to the City of Phoenix (City) the enclosed proposal based upon all terms and conditions set forth in the City's Request for Proposals (RFP) and referenced materials. Offeror further specifically agrees hereby to provide services in the manner and on the terms and conditions set forth in the proposal submitted by the Offeror.
2. The undersigned Offeror acknowledges and states, under penalty of perjury, as follows:
 - 2.1 The City is relying on Offeror's submitted information and the representation that Offeror has the capability to successfully undertake and complete the responsibilities and obligations submitted in its proposal and in Agreement.
 - 2.2 The City has the right to make any further inquiry it deems appropriate to substantiate or supplement information supplied by Offeror.
 - 2.3 Offeror has read and fully understands all the provisions and conditions set forth in the RFP documents, upon which its proposal is based.
 - 2.4 The forms and information requested in the RFP are complete and made part of the proposal. The City is not responsible for any Offeror errors or omissions.
 - 2.5 This proposal may be withdrawn by requesting such withdrawal in writing at any time prior to the proposal deadline but may not be withdrawn after such date and time.
 - 2.6 The City reserves the right to reject any and all proposals and to accept the proposal that, in its judgment, will provide the best quality development to the City.
 - 2.7 This proposal is valid for a minimum of 180 days after the RFP proposal deadline.
 - 2.8 All costs incurred by Offeror in connection with this proposal shall be borne solely by Offeror. Under no circumstances shall the City be responsible for any costs associated with Offeror's proposal or the RFP process.
 - 2.9 Offeror has not in any manner, directly or indirectly, conspired with any person or party to unfairly compete or compromise the competitive nature of the RFP process.



SECTION IV – SUBMITTALS

CITY OF PHOENIX

2.10 The contents of this proposal have not been communicated by the undersigned nor by any employee or agent to any other person engaged in this type of business prior to the official opening of this proposal.

2.11 To the best of the Offeror's knowledge, the information provided in its proposal is true and correct and neither the undersigned Offeror nor any partner, corporate officer or managing employee have ever been convicted of a felony or a crime involving moral turpitude.

3. EXCEPTIONS:

Submission of all Exceptions due by September 23, 2022 (by 2:00 p.m.)

Offerors must agree in the entirety to all items outlined in the Solicitation document. All deviations must be noted per the requirements as identified in Section I, Paragraph 8 Exceptions.

4. COPIES

4.1 The City of Phoenix will accept submittals electronically ONLY for this RFP process. No hardcopies will be accepted.

4.2 To submit proposals electronically, Offerors must send an email to the Procurement Officer by the date stated on the Schedule of Events indicating the offeror's intent to submit a proposal. The Procurement Officer will send an invitation to the Offeror which will include submittal instructions and a link to upload the Offeror's proposal response. Offers must be able to be downloaded by the Department on or prior to the exact time and date indicated in the Schedule of Events on the cover page. Late offers will not be considered. The prevailing clock will be the Department clock.

4.3 OFFER SUBMITTAL FORMAT

4.3..1 This Offer will remain in effect for a period of 180 calendar days from the bid opening date and is irrevocable unless it is in the City's best interest to do so.

4.3..2 Do not submit a copy of the entire Solicitation document.

Submit the offer in the following order containing the following information:

4.3..3 Please submit the responses to Section III - Evaluation Requirements, Sections 1 through 8.

4.3..4 Section IV – Submittals: Fully complete and return these pages with your Offer.

4.3..5 Section 6-8, Attachments 33, 34 and 35 (Excel Attachments)

The following completed Excel spreadsheet Attachments must be returned with your Offer:

- i. Attachment 33 (Section 6): Financial Template (submit as Excel and PDF)



SECTION IV – SUBMITTALS

CITY OF PHOENIX

- ii. Attachment 34 (Section 7): RFP Questionnaire (submit as Excel and PDF)
- iii. Attachment 35 (Section 8): Security and Maturity Questionnaire (submit as Excel and PDF)
- 4.3..6 Signed Addenda (if applicable), signed and all pages submitted
- 4.3..7 Other Documentation
 - A. Supporting documentation not already included.

5. COST AND PAYMENTS:

5.1 PAYMENT TERMS & OPTIONS: Vendors must choose an option, if a box is not checked, the City will **default to 0% - net 45 days**:

- Contractor offers a prompt payment discount of either _____% - 30 days or 0% – 45 days - to apply after receipt of invoice or final acceptance of the products (invoice approval), whichever date is later, starts the 30 days. If no prompt payment discount is offered, the default is 0%, net 45 days; effective after receipt of invoice or final acceptance of the products, whichever is later. **Payment terms offering a discount will not be considered in the price evaluation of your offer.**
- Contractor may be paid immediately upon invoice approval, if enrollment is made to the Single Use Account (SUA) Program, administered by the City's servicing bank ("Bank"). By checking this box, the vendor accepts transaction costs charged by their merchant bank and agrees not to transfer to the City those extra charges. The City will not pay an increase in our services for the SUA charges; if an audit uncovers an upcharge for the SUA charges the vendor will owe the City all costs. The vendor may opt-out of the SUA program once, but then may not rejoin during the same contract term. **For more information about the SUA program or to enroll, send email to mailbox.sua@phoenix.gov.**



SECTION IV – SUBMITTALS

CITY OF PHOENIX

6. REFERENCES

Offeror shall furnish government* references for three (3) existing clients of similar size as the City of Phoenix and one (1) terminated client, for services similar to those described in this RFP within the last seven (7) years. *Do not list City of Phoenix employees or officials as references.*

*Offerors with fewer than three (3) government references may substitute two (2) large-scale corporate references for each missing government reference.

“Existing” Client References

Entity Name	
Entity Contact Name & Title	
Mailing Address	
Phone Number	
Email	
Project Title, Contract Number, Project Dates (Start and End), Covered Lives, Organization Size, Description of Services.	

Entity Name	
Entity Contact Name & Title	
Mailing Address	
Phone Number	
Email	
Project Title, Contract Number, Project Dates (Start and End), Covered Lives, Organization Size, Description of Services.	



SECTION IV – SUBMITTALS

CITY OF PHOENIX

6. REFERENCES (Cont'd)

Entity Name	
Entity Contact Name & Title	
Mailing Address	
Phone Number	
Email	
Project Title, Contract Number, Project Dates (Start and End), Covered Lives, Organization Size, Description of Services.	

“Terminated” Client Reference

Entity Name	
Entity Contact Name & Title	
Mailing Address	
Phone Number	
Email	
Project Title, Contract Number, Project Dates (Start and End), Covered Lives, Organization Size, Description of Services.	



SECTION IV – SUBMITTALS

CITY OF PHOENIX

6. REFERENCES (Cont'd)

(Additional copies of this page may be made if the number of references provided, exceed the required 4 references).

Entity Name	
Entity Contact Name & Title	
Mailing Address	
Phone Number	
Email	
Indicate if Existing or Terminated Client	
Project Title, Contract Number, Project Dates (Start and End), Covered Lives, Organization Size, Description of Services.	

Entity Name	
Entity Contact Name & Title	
Mailing Address	
Phone Number	
Email	
Indicate if Existing or Terminated Client	
Project Title, Contract Number, Project Dates (Start and End), Covered Lives, Organization Size, Description of Services.	



SECTION IV – SUBMITTALS

CITY OF PHOENIX

7. SIGNATURE(S)

By executing below, the Offeror avows the statements and information provided herein are true, correct and complete and that the signatory executed below is authorized to execute this Affidavit on behalf of the Offeror.

Offeror's Contracting Entity (Legal Name¹): _____

¹The successful Offeror must be authorized to transact business in Arizona and be in good standing prior to contract award.

Printed Name of Authorized Representative*: _____

Title: _____

Business Mailing Address: _____

Telephone and Email Address: _____

Signature: _____

**Proposal must be signed by an individual authorized to contractually bind the Offeror.*



SECTION IV – SUBMITTALS

CITY OF PHOENIX

SOLICITATION DISCLOSURE

This form must be signed and submitted to the City and all questions must be answered (or N/A) or your Offer may be considered non-responsive.

1. Name of person submitting this disclosure form.

--	--	--	--

First	MI	Last	Suffix
-------	----	------	--------

2. Contract Information

Solicitation # or Name: **RFP HR 22-001 Pharmacy Benefit Management Services**

3. Name of individual(s) or entity(ies) seeking the Agreement with the City (i.e. specific parties to the Agreement)

--

4. List any individuals(s) or entity(ies) that are owners, partners, parent, sublessees, joint venture or subsidiaries of the individual or entity listed in Question 3. Please include all Board members, executive committee members and officers for each entry. If not applicable, indicate N/A.

--

5. List any individuals or entities that will be subcontractors on this Agreement or indicate N/A.

- Subcontractors may be retained but are not known to the Contractor as of the time of this submission.
- List of subcontractor, including the name of the owner(s) and business name:

6. List any attorney, lobbyist, or consultant retained by any individuals listed in Questions 3, 4, or 5 to assist in the proposal or seeking the resulting contract. If none, indicate N/A.

--



SECTION IV – SUBMITTALS

CITY OF PHOENIX

7. Disclosure of conflict of interest:

Are you aware of any fact(s) with regard to this Solicitation or resulting Agreement that would raise a “conflict of interest” issue under City Code Section 43-34?

“An elected City official or a City employee shall not represent any person or business for compensation before the City regarding any part of a procurement, including any resulting contract, if during the time the elected official is or was in office or the employee is or was employed by the City such elected official or employee played a material or significant role in the development of the Solicitation, any other part of the procurement, or the contract award.”

- I am not aware of any conflict(s) of interest under City Code Section 43-34.
- I am not aware the following potential or actual conflict(s) of interest:

8. Notice Regarding Prohibited Interest in Contracts

State law and the Phoenix City Charter and Code prohibit public officers or employees, their close relatives, and any businesses they, or their relatives, own from (1) representing before the City any person or business for compensation, (2) doing business with the City by any means other than through a formal procurement, and (3) doing business with the City without disclosing that the person has an interest in the Agreement. This prohibition extends to subcontracts on City contracts and also applies to parent, subsidiary, or partner businesses owned by a public officer or employee. See A.R.S. Sections 38-501 through 38-511, for more information (City Charter, Chapter 11, applies the state conflict-of-interest law to City employees).

Please note that any contract in place at the time a person becomes a public officer or employee may remain in effect. But the contract may not be amended, extended, modified, or changed in any manner during the officer’s or employee’s City service without following City administrative regulations.

Are you aware of any fact(s) with regard to this Agreement that would raise a “conflict of interest” issue under A.R.S. Sections 38-501 through 38-511? (See Arizona Revised Statutes regarding conflict of interest at www.azleg.gov).

- I am not aware of any conflict(s) of interest under Arizona Revised Statutes Sections 38-501 through 38-511.
- I am aware of the following conflict(s) of interest



SECTION IV – SUBMITTALS

CITY OF PHOENIX

9. Notice Regarding Prohibited Interest in Contracts

State law and the Phoenix City Charter and Code prohibit public officers or employees, their close relatives, and any businesses they, or their relatives, own from (1) representing before the City any person or business for compensation, (2) doing business with the City by any means other than through a formal procurement, and (3) doing business with the City without disclosing that the person has an interest in the Agreement. This prohibition extends to subcontracts on City contracts and also applies to parent, subsidiary, or partner businesses owned by a public officer or employee. See A.R.S. Sections 38-501 through 38-511, for more information (City Charter, Chapter 11, applies the state conflict-of-interest law to City employees).

Please note that any contract in place at the time a person becomes a public officer or employee may remain in effect. But the contract may not be amended, extended, modified, or changed in any manner during the officer's or employee's City service without following City administrative regulations.

Are you aware of any fact(s) with regard to this Agreement that would raise a "conflict of interest" issue under A.R.S. Sections 38-501 through 38-511? (See Arizona Revised Statutes regarding conflict of interest at www.azleg.gov).

- I am not aware of any conflict(s) of interest under Arizona Revised Statutes Sections 38-501 through 38-511.
- I am aware of the following conflict(s) of interest:

10. Acknowledgements

Solicitation Transparency Policy – No Contact with City Officials or Staff During Evaluation

- I understand that a person or entity who seeks or applies for a City contract, or any other person acting on behalf of that person or entity, is prohibited from contacting City officials and employees regarding the contract after a Solicitation has been posted.
- This "no-contact" provision only concludes when the contract is awarded at a City Council meeting. If contact is required with City official or employees, the contact will take place in accordance with procedures by the City. Violation of this prohibited contacts provision, set out in City Code Sections 2-190.4 and 43-36, by respondents, or their agents, will lead to **disqualification**.



SECTION IV – SUBMITTALS

CITY OF PHOENIX

11. Fraud Prevention and Reporting Policy

- I acknowledge that the City has a fraud prevention and reporting policy and takes fraud seriously. I will report fraud, suspicion of fraud, or any other inappropriate action to: telephone no. 602-261-8999 or 602-534-5500 (TDD); or aud.integrity.line@phoenix.gov.

The purpose of the fraud policy is to maintain the City's high ethical standards. The policy includes a way for our business partners to report wrongdoing or bad behavior. Suspected fraud should be reported immediately to the Phoenix Integrity Line. The City has adopted a zero-tolerance policy regarding fraud.

OATH

I affirm that the statements contained in this form, including any attachments, to the best of my knowledge and belief are true, correct, and complete.

Should any of the answers to the above questions change during the course of the Agreement, particularly as it relates to any changes in ownership, applicant agrees to update this form with the new information within 30 days of such changes. Failure to do so may be deemed a breach of contract.

PRINT NAME

TITLE

SIGNATURE

DATE

COMPANY (CORPORATION, LLC, ETC.) NAME and DBA