

HEALTH CONSULTING WORK REQUEST – GENERAL INFORMATION AND INSTRUCTIONS (TO BE COMPLETED BY HCA)	
Health Consulting Services Category:	3. Development, Evaluation and Assessment of Health Programs
Work Request Coordinator:	Alyssa McClure, Contract Specialist Email: hcaprocurments@hca.wa.gov
Anticipated Period of Performance:	November 1, 2023 through September 24, 2024
Maximum Compensation for this Work Request:	\$250,000.00
Work Request Question and Answer Session:	From September 20, 2023 – September 27, 2023, questions may be emailed to the Work Request Coordinator. All questions must be received by 5:00 pm Pacific Standard Time on September 27, 2023 to be answered.
Work Request Response Due Date and Details:	Submit your response as <u>one</u> pdf document to the Work Request Coordinator identified above by 2:00 pm Pacific Standard Time on October 21, 2023.

HEALTH CONSULTING WORK REQUEST – HCA PROGRAM INFORMATION (TO BE COMPLETED BY HCA)
<p>Project Description</p> <p>The Washington Health Care Authority (HCA) is seeking a Contractor to design and administer a survey of the costs that retail pharmacies incur to dispense prescription drugs to certain Apple Health clients. The Contractor will design a survey instrument to collect data elements to estimate the pharmacy costs related to dispensing prescriptions and other services for the Apple Health Fee-for-Service Medicaid program. The Contractor will also administer and analyze the survey data, including performing appropriate statistical comparisons of un-weighted and weighted means to identify significant differences between identified categories of pharmacy characteristics. The Contractor will produce explanatory reports and validate the survey through a sound, documented statistical validation process, which includes comparing a random sample of participants’ supporting documentation (tax records, blueprints, etc.) to the submitted surveys. The Contractor will provide a final report containing aggregated, de-identified data from survey respondents to HCA.</p>

Relevant Background Information

HCA is seeking to implement and complete a Cost of Dispensing Survey (CODS) to estimate costs to all retail, long-term care, Section 340B, specialty and mail order pharmacies that dispense outpatient prescription drugs to Apple Health Fee-for-Service Medicaid clients.

Statement of Work

1. Hours and Location

HCA will not provide workspace for the successful Contractor.

2. HCA Supplied Items

HCA will not provide any equipment for the successful Contractor.

3. Work Expectations and Requirements

HCA anticipates the vendor to be responsible for, at minimum, the following services:

- A. Design a survey instrument to collect data elements to estimate the costs that pharmacies incur in dispensing prescriptions and for providing other services as described in this Work Request to Apple Health Fee-for-Service Medicaid clients. The questions used in the survey instrument will be developed, in part, using cognitive testing to assess the clarity of the questions and their ability to elicit the desired information to best inform the survey results. The vendor will be expected to confer with HCA during survey development and must receive approval of the instrument and documentation from HCA prior to distribution. Non-allowable costs to be excluded from the cost of dispensing calculation will also be presented by the vendor and approved by HCA. For planning purposes, the following guidelines should be considered (although additional data elements may be proposed by the vendor):

1. Pharmacy Sample

All pharmacies enrolled as active Apple Health Fee-for-Service Medicaid pharmacies at the time of the survey will be required to participate in this mandatory survey. The responder should explain how it will compare the Washington-based survey results to other recent (within the past five years) national and state cost of dispensing survey results.

2. Recommended Data Elements

All relevant costs associated with operating a pharmacy and providing prescriptions to Apple Health Fee-for-Service clients should be included. These shall include, but are not limited to:

a. Staffing

- i. Salaries and wages (pharmacists, technicians, managers, pharmacy assistants, cashiers, etc.)
- ii. Employee benefits (employer health insurance premiums, cost contributions, fees, etc.)
- iii. Payroll taxes

b. Store operations and overhead

- i. Rent or mortgage

- ii. Costs associated with central filling of prescriptions
- iii. Cleaning, repairs, and security (note additional security needs for control drugs)
- iv. Utilities (heat, light, telephones, internet, gas, water, electric, sewer, etc.)
- v. Computer systems, software, and maintenance
- vi. Pharmacy-specific equipment rental or purchases (refrigerators, automated dispensing systems, airflow hoods for sterile compounding, etc.)
- vii. Accounting and legal fees
- viii. Insurance (professional liability/property insurance, worker's compensation, etc.)
- ix. Prescription Department licenses, permits, accreditation, and fees
- x. Taxes (business & occupation taxes, property taxes)
- xi. Interest paid on pharmacy-related debt
- xii. Delivery Expenses (prescription related)
- xiii. Mailing Expenses (prescription related)
- xiv. Transaction fees (credit/debit cards, claims adjudication)
- xv. Depreciation
- xvi. Account receivable expenses (i.e., waiting on payment)
- xvii. Compliance costs, including, but not limited to, record keeping
- c. Preparing and dispensing prescriptions including, but not limited to:
 - i. Prescription dispensing materials (packages, labels, pill counters, etc.)
 - ii. Measurement or Mixing/Compounding the Rx (if necessary)
 - iii. Filling the container
 - iv. Special packaging (unit dose, blister packs, bingo cards)
 - v. Special supplies (syringes, inhalers)
 - vi. Inventory maintenance/Cost to carry inventory
 - vii. ePrescribing related costs
 - viii. Pharmacist/technician time in checking the computer about an individual's eligibility within a health plan.
 - ix. Drug use review
 - x. Prior authorization activities
 - xi. Coordination of care
 - xii. Medication management services
 - xiii. Consumer/patient counseling
 - xiv. Consulting with prescribers
 - xv. Education and training

- xvi. Services provided to vulnerable populations
- xvii. Other prescription department specific costs
- xviii. Telephone, facsimile, and other data communications systems
- xix. Office supplies

B. Where necessary, costs should be allocated between prescription and nonprescription sales, which requires collection of additional data elements such as total pharmacy and non-pharmacy sales, cost of goods sold, and other shared expenses (e.g., allocation of floor space, utilities, taxes, etc.). A detailed explanation should be provided of how the survey is to capture the most recent timeframe possible for which complete records are available. The proposal shall appropriately specify how costs are to be allocated (i.e. by % sale, time spent, or by square foot) for each data element. In addition, responders should include a detailed description of what inflation methodology, if any, will be used, how this was obtained, and any inflation factor related data. In the results, responders must include all aspects of cost of dispensing, including mandatory provider fees (i.e. pharmacy tax).

C. Responders are to explain in detail how they anticipate verifying self-reported data to ensure validity. This concept is critical to the usefulness of the project, and HCA expects each proposal to include a detailed explanation of verification, documentation, and any other necessary components to ensure the study itself will contain valid, useful information.

D. Responders must also include in their submission a detailed explanation of how the design of the proposed dispensing fee will cover all dispensing costs while not affecting the ingredient cost of the drug. Responders must have a thorough understanding that the ingredient cost of the drug does not include, nor does it relate in any way to, the cost of dispensing the drug.

E. Desired Comparison Groups

1. At a minimum, statewide dispensing cost per prescription should be calculated to show any variations across the following categories:
 - a. Small Retail chains, 10 or less stores with common ownership or corporate identity,
 - b. Medium retail chain, 11-39 stores with common ownership or corporate identity;
 - c. Large retail Chains, ≥ 40 stores with common ownership or corporate identity
 - d. Independent/non-chain pharmacies 1 to 9 pharmacies
 - e. Pharmacies partially or wholly owned by a pharmacy benefit manager or health plan carrier.
 - f. Urban vs. rural vs. island pharmacies (if on an island, total number of pharmacies on island)
 - g. Washington State Apple Health Fee-for-Service Medicaid pharmacy's prescription volume)
 - h. Long-term care (both total prescription volume and as a percentage of total prescription volume)
 - i. Critical Access Pharmacy, defined as a pharmacy in Washington State that is further than a 25-mile radius from any other pharmacy, is the only pharmacy on an island, or provides critical services to vulnerable populations, as identified by HCA. If a pharmacy is in a rural area or

serves vulnerable populations, as defined by HCA, and the 25-mile radius intersects with another pharmacy both are Critical Access Pharmacies.

- j. Specialty pharmacies
 - k. Mail order pharmacies
 - l. 340B pharmacies
 - m. Compounding pharmacies
 - n. In-state vs. out-of-state dispensing costs
 - o. High volume vs. low volume pharmacies
 - p. Medicaid Fee-for-Service client volume (total number and % of all clients)
 - q. Publicly traded chain vs independent chain
 - r. Pharmacies that use centralized dispensing systems or processes.
 - s. Veterans Affairs pharmacies, Indian Health Service pharmacies, Military/US Coast Guard, non pharmacy dispensing site and pharmacies open only for a partial year during the survey period shall be excluded from the survey.
2. Although not required, proposals may be strengthened by including additional comparisons. The value of such additions will be weighed against differences in proposal costs and/or expected timeframes.
- F. Dispensing Fee. The survey must compare the application of a single dispensing fee and tiered dispensing fee reimbursement system within and between the comparison groups.
- G. Disseminate and implement the survey to all enrolled pharmacies, and collect responses. A mechanism shall be employed by the responder to ensure/validate/document timely receipt of survey instrument by each enrolled pharmacy. Reminder notices shall be sent to all non-respondent enrolled pharmacies half-way through the survey period. Reminder phone calls shall be conducted and documented with all non-respondent enrolled pharmacies $\frac{3}{4}$ way through the survey period. Responder shall notify HCA on a weekly basis the status of respondent versus non-respondent pharmacies.
- H. Compile the survey data into a database approved by HCA for analysis.
- I. Analyze the survey data, including performing appropriate statistical comparison of un-weighted and weighted means to identify significant differences between specific categories of pharmacy characteristics listed above. Responder must demonstrate the ability to establish the validity of the response rate by being able to calculate statistical standards such as mean, standard deviation, standard error, median and confidence level.
- J. Validate the survey through a sound, documented statistical validation process, which includes comparing a random sample of participants' supporting documentation (tax records, blueprints, etc.) to the submitted surveys. Responder must demonstrate the ability to establish the validity of the proposed rate by being able to calculate statistical standards such as mean, standard deviation, standard error, median, and confidence level.
- K. Produce explanatory report(s) and graphics to support the research findings. Once the findings are finalized, prepare a final report and present the findings to HCA.
- L. The responder's submission must document the resources and capability for completing the work necessary to implement and complete the cost of dispensing survey. The responder's submission

must include a chart/table outlining the proposed tasks, in detail, needed to complete the cost of dispensing survey in a timely manner as outlined in this Work Request, as well as outline follow-up and routine reporting deliverables and staff needed to complete the proposed tasks.

4. Deliverables and/or Services

- A. Draft survey and kickoff meeting presentation.
- B. Survey instrument and detailed instructions: HCA must give written approval to the instrument and any accompanying documentation (e.g., cover letters, instructions) before the survey is sent to pharmacies.
- C. Weekly updates: the successful responder will provide, at a minimum, weekly updates to the project director, which may include a combination of emails and conference calls. At least one communication per week must be made via conference call. The successful responder will be required to conduct detailed coordination activities with HCA to implement and maintain the project. This coordination may be in electronic format, via phone/conference calls, hard copy (memos, letters, etc.), or may require face-to-face meetings.
- D. Interim/Draft report: the interim report shall provide an update on the number of surveys received and response rate, as well as preliminary findings such as a range of costs and/or simple averages or medians.
- E. Verification Process/Validation Report.
- F. Final report: the successful responder must propose what measurements shall be included in the final report, including different break out levels for dispensing fee tiers. HCA will review and approve the measures to be included in the final report. Upon completion of the final report, the successful responder must make an in-person presentation of the information to a panel of HCA staff, at HCA headquarters in Olympia. In addition, any questions or concerns must be addressed in a time determined by HCA.
- G. Upon the final report deliverable, an electronic copy of the database containing aggregated, blinded data from survey respondents will be provided to HCA.

5. Reporting and Communication

The successful responder will provide, at a minimum, weekly updates to the project director, which may include a combination of emails and conference calls. At least one communication per week must be made via conference call. The successful responder will be required to conduct detailed coordination activities with HCA to implement and maintain the project. This coordination may be in electronic format, via phone/conference calls, hard copy (memos, letters, etc.), or may require face-to-face meetings.

6. Acceptance Criteria

Contractor will provide HCA with a draft of the survey for review. HCA will approve the survey draft before dissemination. Contractor will provide HCA with a draft of the final deliverable analysis report for review. HCA will approve the final deliverable analysis report before Contractor will finalize for HCA.

7. Measures of Success

Contractor will attend all meetings with HCA staff and provide updates as laid out in Section 3, *Work Expectations and Requirements* and Section 5, *Reporting and Communication*. Contractor will create and disseminate a Cost of Dispensing Survey (CODS) to estimate costs to all retail, long-term care, Section

340B, specialty and mail order pharmacies that dispense outpatient prescription drugs to Apple Health Fee-for-Service Medicaid clients. Contractor will also provide a report of the survey to HCA.

Experience, Skills & Qualifications

Listed below is the experience, skills, and/or qualifications HCA desires for this As-Needed Health Consulting Work Request:

1. Three years of experience in conducting cost of dispensing surveys.
2. Two projects of similar or larger size and scope.
3. Project manager must have participated in a previous cost of dispensing survey. Provide project(s) size and scope.

HEALTH CONSULTING WORK REQUEST RESPONSE

(TO BE COMPLETED BY INTERESTED HEALTH CONSULTING CONVENIENCE CONTRACT CONTRACTORS)

Instructions: Please ensure that you have included the following information in your response, as these are the items that will be used by HCA to determine who is the best fit for this project. In your response state the number, repeat the requirement, and provide your responses below it.

1. In 3 or fewer pages, describe your proposed solution, methodology and overall approach to the program's defined Scope of Work.
2. Provide a high level project plan and schedule for the entire Scope of Work.
3. Identify significant risks/opportunities you see for the project, and mitigation/opportunity steps.
4. Identify staff proposed for the project. Include a resume for each staff person. In the resume, please identify how the proposed staff person's experience is relevant to the work being requested.
5. Provide the hourly rate(s) for staff proposed and total hours for each staff person that will be required to complete the work being requested. Hourly rates must not exceed those included in Contractor's underlying *As Needed Health Consulting Services* contract.
6. Affirm that the proposed consultant(s) will be available to begin work no later than November 1, 2023. Indicate any known staff scheduling issues during the target work order term, including but not limited to other project engagements and holidays.
7. Include 3 references for each staff member proposed using the Reference Form included herein.

HCA may elect to schedule interviews with Contractors who respond to this Work Request, to discuss the project in more detail and ask questions about Contractor's response.

CONTRACTOR REFERENCE FORM

Organization Legal Name:

Contact Name:

Contact Title:

Contact's Phone Number:

Contact Email Address:

Time Frame of Services Provided:

Description of Services Performed:

Names and Titles for Contractor's Staff who Provided the Services: