



STATE OF TENNESSEE  
TENNESSEE STATE VETERANS' HOMES BOARD

**REQUEST FOR PROPOSALS # 32399-01211  
AMENDMENT # 2  
FOR PHARMACY SERVICES**

**DATE: April 21, 2011**

**RFP # 32399-01211 IS AMENDED AS FOLLOWS:**

- 1. This RFP Schedule of Events updates and confirms scheduled RFP dates.**

EVENT	TIME	DATE	UPDATED / CONFIRMED
1 State Issues RFP		April 1, 2011	Confirmed
2 Disability Accommodation Request Deadline		April 6, 2011	Confirmed
3 Notice of Intent to Propose Deadline		April 7, 2011	Confirmed
4 Written Comments Deadline		April 12, 2011	Confirmed
5 State Responds to Written Comments		April 21, 2011	Confirmed
6 Proposal Deadline	2:00 p.m.	April 29, 2011	Confirmed
7 State Completes Technical Proposal Evaluations		May 4, 2011	Updated
8 State Opens Cost Proposals & Calculates Scores	2:00 p.m.	May 5, 2011	Updated
9 State Issues Evaluation Notice & Opens RFP Files for Public Inspection	2:00 p.m.	May 6, 2011	Updated
10 Contract Signing		May 18, 2011	Updated
11 Contract Signature Deadline		May 19, 2011	Updated
12 Contract Start Date		July 1, 2011	Updated

- 2. State responses to questions and comments in the table below amend and clarify this RFP.**

Any restatement of RFP text in the Question/Comment column shall NOT be construed as a change in the actual wording of the RFP document.

QUESTION / COMMENT	STATE RESPONSE
1 Will the bidders be allowed to visit one or more of the facilities prior to the bid submission in order to clarify their current	No. Since the current manual dispensing systems will be replaced by a computerized system when the new contract is implemented, having a pre-

QUESTION / COMMENT	STATE RESPONSE
dispensing systems and procedures?	proposal conference to clarify the current policies and procedures will not be particularly helpful. Instead, information concerning facility layout, equipment currently used, number of admissions, and number of residents receiving medications from the VA, has been included in the responses below.
2 What pharmaceutical drugs, supplies and equipment does the solicitation notice refer to?	The pharmaceutical drugs, supplies and equipment referenced in the solicitation notice for RFP 32399-01211 would be any such items ordered by a physician for a resident of a TSVHB long-term care facility that are not provided by the U.S. Department of Veterans' Affairs pursuant to 38 C.F.R. § 51.42.
3 What is the payer source mix for each of the three facilities?	The patient mix for FY 2010 for each 140 bed facility was as follows: For TSVH Murfreesboro, private 26.9%, Medicare 11.9%, Medicaid ICF 53.3%, Medicaid SNF 1.1%, Hospice 0.8%, Insurance 1.3%, and 70% VA rule 4.7%. For TSVH Humboldt, private 40.5%, Medicare 12.1%, Medicaid ICF 38.3%, Medicaid SNF 2.1%, Hospice 1.7%, Insurance 1.4%, and 70% VA rule 3.9%. For TSVH Knoxville, private 43.0%, Medicare 15.5%, Medicaid ICF 33.4%, Medicaid SNF 0.9%, Hospice 0.2%, Insurance 0.8%, and 70% VA rule 6.2%.
4 In Section B.17, what is the definition of "three (3) completed projects?" Would providing a minimum of 5 reference questionnaires meet the bid requirement?	RFP Attachment 6.2, Section B.17 will be amended to clarify the language as follows: <ul style="list-style-type: none"> <li>• <i>two (2) of the larger accounts currently serviced by the Proposer, <u>and</u></i></li> <li>• <i>three (3) accounts in which the Proposer has maintained an ongoing contractual relationship providing the subject service for a period of at least one (1) year.</i></li> </ul>
5 In Section C.9, what does electronic resident identification refer to?	Electronic resident identification would include arm bands, bar codes, and any other technology used to electronically identify a resident to ensure delivery of the appropriate medication to the appropriate resident.
6 In the Cost Proposal and Scoring Guide, what does Prospective Payment Rate (PPS) refer to?	Prospective payment rate is defined at Section C.3.d. of the pro forma contract as the payment rates utilized by the federal Medicare system for skilled nursing facilities.
7 In the Cost Proposal and Scoring Guide, what does 70% Service Connected Payment Rate refer to?	"70% service connected payment rate" is defined at Section C.3.e. of the pro forma contract as the payment rate established pursuant to the Veterans' Benefits, Health Care, and Information Technology Act of 2006 and related regulations for nursing home care of veterans with service-connected disabilities of 70 percent or higher (see 38 CFR § 51.41). Pursuant to this Act and its regulations, the

QUESTION / COMMENT	STATE RESPONSE
	TSVHB is required to accept this payment rate as payment for all routine nursing home care services, including the pharmaceutical drugs, supplies and equipment that will be provided pursuant to this RFP, to residents who qualify for this benefit from this payer source by having service-connected disabilities of 70 percent or higher.
8 In the proposal and Scoring Guide Evaluation Cost Formula $((C \times 100) + D) \times E$ . Based on the formula provided, the higher % discount given would in turn increase the evaluation cost. This should actually be the opposite, with a higher discount % lowering the evaluation cost. Is the formula accurate, or is C in the formula actually 1 - % discount (Ex: 10 % discount, C would = 90%).	RFP Attachment 6.3 will be amended to change the formula to $((100 - (C \times 100)) + D) \times E$ .
9 Please clarify the definition of “24 hour, 7 day per week computerized unit dose delivery system” noted in A.5 of the pro forma contract. Does this require automated dispensing machines on site at the facilities?	Yes. “24 hour, 7 day per week computerized unit dose delivery system” would include computerized medication carts, electronic medication and treatment administration records, and medication tracking software, as well as automated dispensing machines on site at the facilities.
10 Since many of the meds will be furnished by the VA pharmacy, will the bidder be required to print forms (POF, MAR, etc.) for all patients even if not serviced by the bidder?	Yes. The average number of residents receiving meds from the VA is 25-30 at the Humboldt TSVH, 14 at the Murfreesboro TSVH, and 19 at the Knoxville TSVH.
11 The RFP states that the first TSVH facility to be brought online will be TSVH Humboldt on June 1, 2011. Are the start dates for the three facilities interchangeable, i.e., could TSVH Murfreesboro start June 1, 2011, then TSVH Humboldt on September 1, 2011, and TSVH Knoxville on December 1, 2011?	No. <i>Pro forma</i> contract section A.4. dates are not interchangeable.
12 What on-site dispensing technology service (ADS) options regarding service and equipment should we assume in our RFP?	The TSVHB facilities do not currently have a computerized medication administration system and anticipate completely changing the manual unit dose system now in place. The TSVHB facilities each consist of two 60 bed units (each 60 bed unit has 20 beds on each of 3 corridors with one central nursing station) and one 20 bed unit, for a total of 140 beds per facility. The 60 bed units each currently use 2-3 medication carts and one treatment cart. The 20 bed unit has one medication cart and one treatment cart. For FY 2010, the average monthly admission rate was 7-8 at the Humboldt TSVH, 9.5 at the Murfreesboro TSVH and 7 at the Knoxville TSVH. The TSVHB is interested in the following ADS options: first dose dispensing, prn medication dispensing, and management of controlled substances and dangerous drugs such as Coumadin.
13 The Cost Proposal format does not provide a	RFP Attachment 6.3 will be amended to include a

QUESTION / COMMENT	STATE RESPONSE
way to present any fees for ADS, so it is assumed that any such cost should effectively be imbedded in the drug pricing, correct?	cost item for fees for the computerized unit dose delivery system.

**3. Delete RFP Attachment 6.2, section B.17 in its entirety and insert the following in its place:**

	<p><b>B.17.</b> Provide customer references from individuals (who are <u>not</u> current or former officials or staff of the State of Tennessee) for projects similar to the services sought under this RFP and which represent:</p> <ul style="list-style-type: none"> <li>▪ two (2) of the larger accounts currently serviced by the Proposer, <u>and</u></li> <li>▪ three (3) accounts in which the Proposer has maintained an ongoing contractual relationship providing the subject service for a period of at least one (1) year.</li> </ul> <p>All references must be provided in the form of standard reference questionnaires that have been fully completed by the individual providing the reference as required. The standard reference questionnaire, which <u>must</u> be used and completed as required, is detailed at RFP Attachment 6.4. References that are not completed as required will be considered non-responsive and will not be considered.</p> <p>The Proposer will be <u>solely</u> responsible for obtaining the fully completed reference questionnaires, and for including them within the Proposer's sealed Technical Proposal. In order to obtain and submit the completed reference questionnaires, as required, follow the process detailed below.</p> <ol style="list-style-type: none"> <li>(a) "Customize" the standard reference questionnaire at RFP Attachment 6.4. by adding the subject Proposer's name, and make exact duplicates for completion by references.</li> <li>(b) Send the customized reference questionnaires to each individual chosen to provide a reference along with a new standard #10 envelope.</li> <li>(c) Instruct the person that will provide a reference for the Proposer to: <ol style="list-style-type: none"> <li>(i) complete the reference questionnaire (on the form provided or prepared, completed, and printed using an exact duplicate of the document);</li> <li>(ii) sign <u>and</u> date the completed, reference questionnaire;</li> <li>(iii) seal the completed, signed, and dated, reference questionnaire within the envelope provided;</li> <li>(iv) sign his or her name in ink across the sealed portion of the envelope; and</li> <li>(v) return the sealed envelope containing the completed reference questionnaire directly to the Proposer (the Proposer may wish to give each reference a deadline, such that the Proposer will be able to collect all required references in time to include them within the sealed Technical Proposal).</li> </ol> </li> <li>(d) <u>Do NOT open the sealed references upon receipt.</u></li> <li>(e) Enclose all <u>sealed</u> reference envelopes within a larger, labeled envelope for inclusion in the Technical Proposal as required.</li> </ol> <p>NOTES:</p> <ul style="list-style-type: none"> <li>▪ The State will not accept late references or references submitted by any means other than that which is described above, and each reference questionnaire submitted must be completed as required.</li> <li>▪ The State will not review more than the number of required references indicated above.</li> <li>▪ While the State will base its reference check on the contents of the sealed reference envelopes included in the Technical Proposal package, the State reserves the right to confirm and clarify information detailed in the completed reference questionnaires, and may consider clarification responses in the evaluation of references.</li> <li>▪ The State is under <u>no</u> obligation to clarify any reference information.</li> </ul>
--	--

**4. Delete RFP Attachment 6.3 in its entirety and insert the following in its place:**

**RFP ATTACHMENT 6.3.**

**COST PROPOSAL & SCORING GUIDE**

*NOTICE: THIS COST PROPOSAL MUST BE COMPLETED EXACTLY AS REQUIRED*

**COST PROPOSAL SCHEDULE**— The Cost Proposal, detailed below, shall indicate the proposed price for the entire scope of service including all services defined in the Scope of Services of the RFP Attachment 6.6., *Pro Forma* Contract and for the entire contract period. The Cost Proposal shall remain valid for at least 120 days subsequent to the date of the Cost Proposal opening and thereafter in accordance with any contract resulting from this RFP. All monetary amounts shall be in U.S. currency and limited to two (2) places to the right of the decimal point.

**NOTICE:** The Evaluation Factor associated with each cost item is for evaluation purposes only. The evaluation factors do NOT and should NOT be construed as any type of volume guarantee or minimum purchase quantity. The evaluation factors shall NOT create rights, interests, or claims of entitlement in the Proposer.

Notwithstanding the cost items herein, pursuant to the second paragraph of the pro forma contract section C.1. (refer to RFP Attachment 6.6.), “The State is under no obligation to request work from the Contractor in any specific dollar amounts or to request any work at all from the Contractor during any period of this Contract.”

This Cost Proposal must be signed, in the space below, by an individual empowered to bind the proposing entity to the provisions of this RFP and any contract awarded pursuant to it. If said individual is not the *President* or *Chief Executive Officer*, this document must attach evidence showing the individual’s authority to legally bind the proposing entity.

<b>PROPOSER SIGNATURE:</b>			
<b>PRINTED NAME &amp; TITLE:</b>			
<b>DATE:</b>			
<b>PROPOSER LEGAL ENTITY NAME:</b>			
<b>Cost Item Description</b>	<b>Proposed Cost</b>	<b>Evaluation Factor</b>	<b>Evaluation Cost</b>
	<i>Monthly Fee (A)</i>	<i>(B)</i>	<i>A x B</i>
1. Pharmacy Consulting Service per Tennessee State Veterans’ Homes Board Licensed Bed – as specified in <i>pro forma</i> contract sections A.12, A.13, A.14, and A.16.	\$ _____ /Month <sup>1</sup>	60	

PROPOSER LEGAL ENTITY NAME:				
Cost Item Description	Proposed Cost		Evaluation Factor	Evaluation Cost
2. Medical Records Service per Tennessee State Veterans' Homes Board Licensed Bed – including Medical Records, Treatment Sheets, and Physicians Orders (MARs, TARs, POSSs) – as specified in <i>pro forma</i> contract sections A.11, A.12, and A.15.	\$ _____ /Month <sup>1</sup>		60	
3. Computerized Unit Dose Delivery System, including On-site Dispensing Technology Service (ADS), per Tennessee State Veterans' Homes Board Licensed Bed – as specified in <i>pro forma</i> contract section A.5.	\$ _____ /Month <sup>1</sup>		60	
<i>Types of Pharmaceutical Drugs, Supplies, &amp; Equipment (terminology defined at pro forma contract sections C.3.d. through C.3.h.)</i>	<i>Average Wholesale Price (AWP) <sup>2</sup> Discount (C)</i>	<i>Dispensing Fee (D)</i>	(E)	$((100 - (C \times 100)) + D) \times E$
4. Pharmaceutical Drugs, Supplies, & Equipment – Prospective Payment Rate (PPS), Brand Name	_____ %	\$ _____ /Each	24,160	
5. Pharmaceutical Drugs, Supplies, & Equipment – Prospective Payment Rate (PPS), Generic	_____ %	\$ _____ /Each	46,770	
6. Pharmaceutical Drugs, Supplies, & Equipment – 70% Service Connected Payment Rate, Brand Name	_____ %	\$ _____ /Each	5,720	
7. Pharmaceutical Drugs, Supplies, & Equipment – 70% Service Connected Payment Rate, Generic	_____ %	\$ _____ /Each	9,680	
8. Pharmaceutical Drugs, Supplies, & Equipment – Medicaid Non-Formulary/ TennCare Payment Rate, Brand Name	_____ %	\$ _____ /Each	1,120	
9. Pharmaceutical Drugs, Supplies, & Equipment – Medicaid Non-Formulary/ TennCare Payment Rate, Generic	_____ %	\$ _____ /Each	3,740	
<b>EVALUATION COST AMOUNT</b> (sum of evaluation costs above):				

<b>PROPOSER LEGAL ENTITY NAME:</b>			
<b>Cost Item Description</b>	<b>Proposed Cost</b>	<b>Evaluation Factor</b>	<b>Evaluation Cost</b>
The RFP Coordinator will use this sum and the formula below to calculate the Cost Proposal Score. Numbers rounded to two (2) places to the right of the decimal point will be standard for calculations.			
$\frac{\text{lowest evaluation cost amount from all proposals}}{\text{evaluation cost amount being evaluated}}$		$\times 30$ (maximum section score)	<b>= SCORE:</b>
State Use – RFP Coordinator Signature, Printed Name & Date:			

<sup>1</sup> A "month" shall be defined as a calendar month. If the Contractor provides less than a calendar month of service, the Contractor shall bill *pro rata* for only the portion of the month in which service was actually delivered. The Contractor shall not bill more than the monthly rate regardless of the hours per day necessary to complete required service.

<sup>2</sup> Average Wholesale Price (AWP) shall be the nationally recognized average wholesale price as published in the "Redbook", ISBN 1563635097, Thomson Healthcare/Thomson PDR, as may be updated from time to time.

**5. Delete Pro Forma Contract Section A.4 in its entirety and insert the following in its place:**

A.4. The Contractor shall provide, furnish and supply pharmaceuticals, drugs, supplies, and equipment to each Facility. Service provision at each Facility will begin at the existing homes as shown below and at the homes planned for Clarksville, Tennessee, Bradley County, Tennessee, and Shelby County, Tennessee, by the date they accept their first resident:

Facility	Address	# of Beds	Service Start
Humboldt	2865 Main Street, Humboldt, TN 38343	140	7/1/2011
Knoxville	One Veterans Way, Knoxville, TN 37931	140	10/1/2011
Murfreesboro	345 Compton Road, Murfreesboro, TN 37130	140	12/1/2011

**6. Delete Pro Forma Contract Section C.3 in its entirety and insert the following in its place:**

C.3. Payment Methodology. The Contractor shall be compensated based on the payment rates herein for units of service authorized by the State in a total amount not to exceed the Contract Maximum Liability established in section C.1.

- a. The Contractor's compensation shall be contingent upon the satisfactory completion of units, milestones, or increments of service defined in section A.
- b. The Contractor shall be compensated for said units, milestones, or increments of service based upon the following payment rates:

Service Description	Amount (per compensable increment)
---------------------	------------------------------------

1. Pharmacy Consulting Service per Tennessee State Veterans' Homes Board Licensed Bed – as specified in <i>pro forma</i> contract sections References A.12, A.13, A.14, and A.16.	<b>\$ Amount /Month</b>		
2. Medical Records Service per Tennessee State Veterans' Homes Board Licensed Bed – including Medical Records, Treatment Sheets, and Physicians Orders (MARs, TARs, POSs) – as specified in <i>pro forma</i> contract sections References A.11, A.12, and A.15.	<b>\$ Amount /Month</b>		
3. Computerized Unit Dose Delivery System, including On-site Dispensing Technology Service (ADS), per Tennessee State Veterans' Homes Board Licensed Bed – as specified in <i>pro forma</i> contract section A.5.	<b>\$ Amount /Month</b>		
<i>Types of Pharmaceutical Drugs, Supplies, &amp; Equipment</i>	<i>COST</i>	<i>LESS Average Wholesale Price Discount</i>	<i>PLUS Dispensing Fee</i>
4. Pharmaceutical Drugs, Supplies, & Equipment – Prospective Payment Rate (PPS), Brand Name	<b>Average Wholesale Price *</b>	<b>Number %</b>	<b>\$ Amount /Each</b>
5. Pharmaceutical Drugs, Supplies, & Equipment – Prospective Payment Rate (PPS), Generic	<b>Average Wholesale Price *</b>	<b>Number %</b>	<b>\$ Amount /Each</b>
6. Pharmaceutical Drugs, Supplies, & Equipment – 70% Service-Connected Payment Rate, Brand Name	<b>Average Wholesale Price *</b>	<b>Number %</b>	<b>\$ Amount /Each</b>
7. Pharmaceutical Drugs, Supplies, & Equipment – 70% Service-Connected Payment Rate, Generic	<b>Average Wholesale Price *</b>	<b>Number %</b>	<b>\$ Amount /Each</b>
8. Pharmaceutical Drugs, Supplies, & Equipment – Medicaid Non-Formulary/TennCare Payment Rate, Brand Name	<b>Average Wholesale Price *</b>	<b>Number %</b>	<b>\$ Amount /Each</b>
9. Pharmaceutical Drugs, Supplies, & Equipment – Medicaid Non-Formulary/TennCare Payment Rate, Generic	<b>Average Wholesale Price *</b>	<b>Number %</b>	<b>\$ Amount /Each</b>

\* Average Wholesale Price (AWP) shall be the nationally recognized average wholesale price as published in the “Redbook”, ISBN 1563635097, Thomson Healthcare/Thomson PDR, as may be updated from time to time.

- c. A "month" shall be defined as a calendar month. If the Contractor provides less than a calendar month of service, the Contractor shall bill *pro rata* for only the portion of the month in which service was actually delivered. The Contractor shall not bill more than the monthly rate regardless of the hours per day necessary to complete required service.
- d. “Prospective payment rate” shall mean the payment rates utilized by the federal Medicare system for skilled nursing facilities.



- e. "70% service connected payment rate" shall mean the payment rate established pursuant to the Veterans' Benefits, Health Care, and Information Technology Act of 2006 and related regulations for nursing home care of veterans with service-connected disabilities of 70 percent or higher.
- f. "Medicaid Non-Formulary/TennCare Payment Rate" shall mean the payment rates applied to long-term care facilities by TennCare and by the Medicaid system for pharmaceutical drugs, supplies, and equipment not included in its formulary.
- g. "Brand name" refers to a drug produced and distributed with patent protection.
- h. "Generic" refers to a drug produced and distributed without patent protection.



STATE OF TENNESSEE  
TENNESSEE STATE VETERANS' HOMES BOARD

**REQUEST FOR PROPOSALS # 32399-01211  
AMENDMENT # 1  
FOR PHARMACY SERVICES**

DATE: April 18, 2011

RFP # 32399-01211 IS AMENDED AS FOLLOWS:

1. This RFP Schedule of Events updates and confirms scheduled RFP dates.

EVENT	TIME	DATE	UPDATED / CONFIRMED
1 State Issues RFP		April 1, 2011	Confirmed
2 Disability Accommodation Request Deadline		April 6, 2011	Confirmed
3 Notice of Intent to Propose Deadline		April 7, 2011	Confirmed
4 Written Comments Deadline		April 12, 2011	Confirmed
5 State Responds to Written Comments		April 21, 2011	Updated
6 Proposal Deadline	2:00 p.m.	April 29, 2011	Updated
7 State Completes Technical Proposal Evaluations		May 5, 2011	Updated
8 State Opens Cost Proposals & Calculates Scores	2:00 p.m.	May 6, 2011	Updated
9 State Issues Evaluation Notice & Opens RFP Files for Public Inspection	2:00 p.m.	May 11, 2011	Updated
10 Contract Signing		May 23, 2011	Updated
11 Contract Signature Deadline		May 24, 2011	Updated
12 Contract Start Date		June 1, 2011	Confirmed