

AWARD / CONTRACT		1. This Contract is a rated order under DPAS 9 (15 CFR 700)	Rating C9	Page 1	of Pages 57
2. Contract (Proc., Inst., Ident.) No. MDA90603C0019		3. Effective Date Sep 26, 2003-Conformed Jan 23, 2009	4. Requisition / Purchase Request / Project No. 03-PRO-0021		
5. Issued By DEPARTMENT OF DEFENSE TRICARE MANAGEMENT ACTIVITY/CM 16401 E. CENTRETECH PARKWAY AURORA, CO 80011-9066 William H. Coffenberry K35 303-676-3764 charles.brown@tma.osd.mil		Code MDA906	6. Administered By (if other than item) DEPARTMENT OF DEFENSE TRICARE MANAGEMENT ACTIVITY/CMB 16401 E. CENTRETECH PKWY AURORA, CO 80011-9066		

7. Name and address of Contractor (No., Street, City, state and Zip Code) EXPRESS SCRIPTS, INC. ONE EXPRESS WAY ST LOUIS MO 63121		Vendor ID: 00000276 DUNS: 173490459 CEC: Cage Code: 1WPW1 TIN: 431420563	8. Delivery <input type="checkbox"/> FOB Origin <input type="checkbox"/> Other (See below)
		9. Discount for prompt payment Net 30	
		10. SUBMIT INVOICES (4 copies unless otherwise specified) Address shown in:	

Code	Facility Code	11. Ship To / Mark For DEPARTMENT OF DEFENSE TRICARE MANAGEMENT ACTIVITY/CM 16401 E. CENTRETECH PARKWAY AURORA, CO 80011-9066	Code MDA906	12. Payment will be made by DEPARTMENT OF DEFENSE (RMF) FINANCE AND ACCOUNTING BRANCH 16401 E. CENTRETECH PARKWAY AURORA, CO 80011-9066	Code RMF
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13. Authority for using other than full and open competition <input type="checkbox"/> 10 U.S.C 2304C() <input type="checkbox"/> 41 U.S.C. 253 (C)()		14. Accounting and Appropriation Data See Schedule	
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15A ITEM NO.	15B SUPPLIES/SERVICES	15C QUANTITY	15D UNIT	15E UNIT PRICE	15F AMOUNT
	This contract is for TRICARE Retail Pharmacy (TRRx) Services, including Options (b)(4) ce, (See Schedule at Continuation Page)				

15G. TOTAL AMOUNT OF CONTRACT \$ (b)(4)

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Contracting Officer will complete item 17 or 18 as applicable

17. <input type="checkbox"/> CONTRACTOR'S NEGOTIATED AGREEMENT (Contractor is required to sign this document and return _____ copies to issuing office.) Contractor agrees to furnish and deliver all items or perform all the services set forth or otherwise identified above and on any continuation sheets for the consideration stated herein. The rights and obligation of the parties to this contract shall be subject to and governed by the following documents: (a) this award/contract, (b) the solicitation, if any, and (c) such provisions, representations, certifications, and specifications, as are attached or incorporated by reference herein. (Attached are listed herein.)	18. <input type="checkbox"/> AWARD (Contractor is not required to sign this document.) Your offer on Solicitation number _____ including the additions or changes made by you which additions or changes are set forth above, is hereby accepted as to the items listed above and on any continuation sheets. This award consummates the contract which consists of the following documents: (a) the Government's solicitation and your offer, and (b) this award/contract. No further contractual document is necessary.
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19A. Name and Title of Signer (Type or Print)		20A. Name of Contracting Officer WILLIAM H. COFFENBERRY 303-676-3764 william.coffenberry@tma.osd.mil	
19B. Name of Contractor	19C. Date Signed	20B. United States of America	20C. Date Signed
By _____ (Signature of person authorized to sign)		By _____ (Signature of Contracting Officer)	

Supplies or Services and Prices/Costs

TRRx Sep 26, 2003-Conformed Jan 23, 2009

Item No.	Supplies/Services	Quantity	Unit	Unit Price	Amount	
	SECTION B -Schedule of Services and Prices BASE PERIOD 6 Months Beginning Date of Award					
0001	Phase-In Date of Award through May 31, 2004	6	MO	(b)(4)		
	Accounting and Appropriation Data: 9703030130.1889.102000					
0002	Information System Certification and Accreditation, Physical and Personnel Security in accordance with C.14.6, C.14.7, and C.14.8.	6	MO			
0003	Activation of Call Center (For the period of 4/22/04 - 5/28/04)	1	LT			
	Accounting and Appropriation Data: 97040401301889102000051140 (b)(4)					
	OPTION 1 June 01, 2004 through May 31, 2005 (Number in Quantity column is Estimated)					
1001	Administrative Fee - Medicare Dual-Eligible	0	NA			
1001AA	Electronic Media Claims	17626775	EA			
1001AB	Paper Claims	1301368	EA			
1002	Administrative Fee - TRICARE-Only Eligible	0	NA			
1002AA	Electronic Media Claims	15773315	EA			
1002AB	Paper Claims	2575466	EA			
1003	Prior Authorization	0	NA			
1003AA	Medicare Dual Eligible	27048	EA			
1003AB	TRICARE - Only Eligible	26156	EA			
1004	RESERVED	0	NA			

Supplies or Services and Prices/Costs

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Item No.	Supplies/Services	Quantity	Unit	Unit Price	Amount
1004AA	Cancelled Line Item	0	NA	(b)(4)	
1004AB	Cancelled Line Item	0	NA		
1005	Medical Necessity Determination	0	NA		
1005AA	Medicare Dual-Eligible	27049	EA		
1005AB	TRICARE-Only Eligible	26155	EA		
1006	Financial Incentive	NTE 1	LT		
1007	Phase-Out	1	LT		
1008	Information System Certification and Accreditation, Physical and Personnel Security in accordance with C.14.6, C.14.7, and C.14.8.	12	MO		
1009	Change Order Implementation	0	LT		
1009AA	Implementation, TSM Change #14 (Personnel Security Update)	NTE 1	LT		
	Accounting and Appropriation Data: 89.102000051140 (b)(4)				
1009AB	Implementation, Run-Off Claims (in accordance with P00008)	1	LT		
	Accounting and Appropriation Data: 97040401301889102000051140 (b)(4)				
1009AC	Incorporates Change 5 of the TSM to the TRRx contract.	1	LT		
	Accounting and Appropriation Data: 97040401301889102000051140 (b)(4)				
1009AD	To incorporate TSM change 13.	1	LT		
	Accounting and Appropriation Data: 89102000051140 (b)(4)				
1010	Mailing to beneficiaries-mandatory generic policy	1	LT		

Supplies or Services and Prices/Costs

TRRx Sep 26, 2003-Conformed Jan 23, 2009

Item No.	Supplies/Services	Quantity	Unit	Unit Price	Amount
	OPTION 2 June 01, 2005 through May 31, 2006 (Number in Quantity column is Estimated)				
2001	Administrative Fee - Medicare Dual-Eligible	0	NA	(b)(4)	
2001AA	Electronic Media Claims	27000000	EA	(b)(4)	
2001AB	Paper Claims	600948	EA	(b)(4)	
2002	Administrative Fee - TRICARE-Only Eligible	0	NA	(b)(4)	
2002AA	Electronic Media Claims	20000000	EA	(b)(4)	
2002AB	Paper Claims	3715901	EA	(b)(4)	
2003	Prior Authorization	0	NA	(b)(4)	
2003AA	Medicare Dual Eligible	29726	EA	(b)(4)	
2003AB	TRICARE - Only Eligible	36744	EA	(b)(4)	
2004	RESERVED	0	NA	(b)(4)	
2004AA	Cancelled Line Item	0	NA	(b)(4)	
2004AB	Cancelled Line Item	0	NA	(b)(4)	
2005	Medical Necessity Determination	0	NA	(b)(4)	
2005AA	Medicare Dual-Eligible	29726	EA	(b)(4)	
2005AB	TRICARE-Only Eligible	28745	EA	(b)(4)	
2006	Financial Incentive	NTE 1	LT	(b)(4)	
2007	Phase-Out	1	LT	(b)(4)	
2008	Information System Certification and Accreditation, Physical and Personnel Security in accordance with C.14.6, C.14.7, and C.14.8.	12	MO	(b)(4)	

Supplies or Services and Prices/Costs

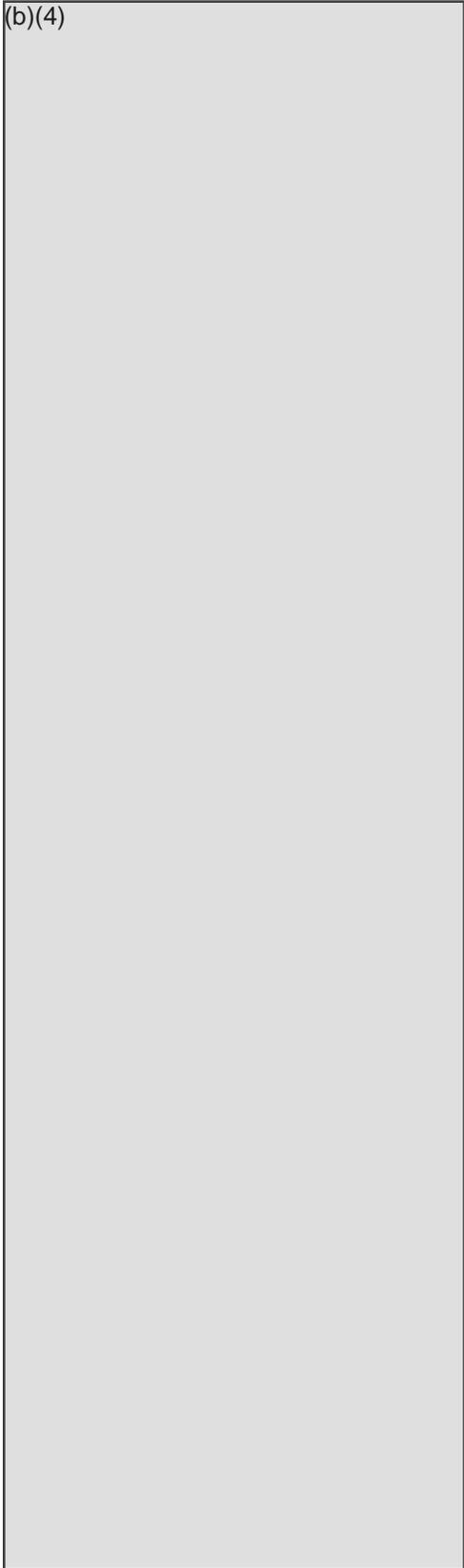
TRRx Sep 26, 2003-Conformed Jan 23, 2009

Item No.	Supplies/Services	Quantity	Unit	Unit Price	Amount
2009	Change Order implementation	0	NA	(b)(4)	
2009AA	Implementation of Check Reporting Requirements - Non-Reoccurring Costs	1	EA	(b)(4)	
	Accounting and Appropriation Data: 1889.102000			(b)(4)	
2009AB	ISP Monthly Charges	4	EA	(b)(4)	
	Accounting and Appropriation Data: 9705050130.1889.102000			(b)(4)	
2009AC	Implement Batch Processing - VA Pharmacy Claims	1	EA	(b)(4)	
	Accounting and Appropriation Data: 9706060130.1889.102000			(b)(4)	
2009AD	Implement On-Line Coordination of Benefits	1	EA	(b)(4)	
	Accounting and Appropriation Data: 889.102000			(b)(4)	
2009AE	Implementation Medicare Part D Claims Processing	1	EA	(b)(4)	
	Accounting and Appropriation Data: 2.18D9.000000			(b)(4)	
2009AF	Incorporate TRM requirements into TRRx Contract	1	EA	(b)(4)	
	Accounting and Appropriation Data: 889.102000			(b)(4)	
2009AG	Process corrections to co-pays and deductibles paid by beneficiaries resulting from PDTS errors.	1	EA	(b)(4)	
	Accounting and Appropriation Data: 889.102000			(b)(4)	
2009AH	Implement Process for TRRx Catastrophic Cap Overpayment Refund Checks	1	EA	(b)(4)	
	Accounting and Appropriation Data: 1889.102000			(b)(4)	
2009AJ	Process Refund Checks for TRRx Catastrophic Cap Overpayment	1	EA	(b)(4)	
	Accounting and Appropriation Data:			(b)(4)	

Supplies or Services and Prices/Costs

TRRx Sep 26, 2003-Conformed Jan 23, 2009

Item No.	Supplies/Services	Quantity	Unit	Unit Price	Amount
	9706060130.1889.102000 (b)(4)				
	OPTION 3 June 01, 2006 through May 31, 2007 (Number in Quantity column is Estimated)				
3001	Administrative Fee - Medicare Dual-Eligible	0	NA		
3001AA	Electronic Media Claims	32000000	EA		
3001AB	Paper Claims	1200000	EA		
3002	Administrative Fee - TRICARE-Only Eligible	0	NA		
3002AA	Electronic Media Claims	24000000	EA		
3002AB	Paper Claims	3300000	EA		
3003	Prior Authorization	0	NA		
3003AA	Medicare Dual Eligible	20000	EA		
3003AB	TRICARE - Only Eligible	31500	EA		
3004	RESERVED	0	NA		
3004AA	Cancelled Line Item	0	NA		
3004AB	Cancelled Line Item	0	NA		
3005	Medical Necessity Determination	0	NA		
3005AA	Medicare Dual-Eligible	2600	EA		
3005AB	TRICARE-Only Eligible	3300	EA		
3006	Financial Incentive	NTE 1	LT		
3007	Phase-Out	1	LT		
3008	Information System Certification and Accreditation, Physical and Personnel Security in accordance with C.14.6, C.14.7, and C.14.8.	12	MO		



Supplies or Services and Prices/Costs

TRRx Sep 26, 2003-Conformed Jan 23, 2009

Item No.	Supplies/Services	Quantity	Unit	Unit Price	Amount
3009	Change Order implementation	0	NA	(b)(4)	
3009AA	Implementation of NMI and AS into the Retail Pharmacy Network.	1	LT		
	Accounting and Appropriation Data:				
	889.102000				
	(b)(4)				
3009AB	VA CD Claims Processing	1	EA		
	Accounting and Appropriation Data:				
	9706060130.1889.102000				
	(b)(4)				
	1889.102000				
	(b)(4)				
3009AC	Transitional Survivor Status, Section 715 for NDAA FY06 TPM51 and TRM48	1	LT		
	Accounting and Appropriation Data:				
	9706060130.1889.102000051140				
3009AD	Pharmacy Payments Resolution	1	LT		
	Accounting and Appropriation Data:				
	9707070130.1889.102000				
	(b)(4)				
3009AE	Implement changes to Financial Reporting and Recoupment Requirements	1	LT		
	Accounting and Appropriation Data:				
	FY07 9707070130.1889.102000				
	(b)(4)				
3009AG	Implement NPI requirements	1	LT		
	Accounting and Appropriation Data:				
	889.102000				
	(b)(4)				
3009AJ	SAF-CRA-FY07 - Process Refund Checks for TRRx Catastrophic Cap Overpayment	1	EA		
	Accounting and Appropriation Data:				
	07 9707070130.1889.102000				
	(b)(4)				
3010AG	Incorporate ICD dated 11 April 2006 as Attachment 4 to Section J	1	LT		
	Accounting and Appropriation Data:				
	9707070130.1889.102000				
	(b)(4)				

Supplies or Services and Prices/Costs

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Item No.	Supplies/Services	Quantity	Unit	Unit Price	Amount
3011AA	Implement procedure to update beneficiary paid records for copay & catcap	1	LT	(b)(4)	
3012AA	Implement procedure to update records for OHI paid amounts	1	LT		
	OPTION 4 June 01, 2007 through May 31, 2008 (Number in Quantity column is Estimated)				
4001	Administrative Fee - Medicare Dual-Eligible	0	NA		
4001AA	Administrative Fee - Medicare Dual-Eligible Electronic Media Claims	30000000	EA		
4001AB	Administrative Fee - Medicare Dual-Eligible Paper Claims	1500000	EA		
4002	Administrative Fee - TRICARE-Only Eligible	0	NA		
4002AA	Administrative Fee - TRICARE-Only Eligible Electronic Media Claims	22500000	EA		
4002AB	Administrative Fee - TRICARE-Only Eligible Paper Claims	2100000	EA		
4003	Prior Authorization	0	NA		
4003AA	Prior Authorization Medicare Dual Eligible	19500	EA		
4003AB	Prior Authorization TRICARE - Only Eligible	31500	EA		
4004	RESERVED	0	NA		
4004AA	Cancelled Line Item	0	NA		
4004AB	Cancelled Line Item	0	NA		
4005	Medical Necessity Determination	0	NA		
4005AA	Medical Necessity Determination Medicare Dual-Eligible	4500	EA		
4005AB	Medical Necessity Determination	12000	EA		

Supplies or Services and Prices/Costs

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Item No.	Supplies/Services	Quantity	Unit	Unit Price	Amount
	TRICARE-Only Eligible				
4006	Financial Incentive	NTE 1	LT		(b)(4)
4007	Phase-Out	1	LT		
4008	Information System Certification and Accreditation, Physical and Personnel Security in accordance with C.14.6, C.14.7, and C.14.8.	12	MO		
	Accounting and Appropriation Data: (b)(4)				
4009	Change Order implementation	0	NA		
4009AA	Administration of NMI and AS in the Retail Pharmacy Network.	1	LT		
4009AB	Process Claim file from a CD	15	EA		
	Accounting and Appropriation Data: 9708080130.1889.102000051140 (b)(4) .1889.102000 (b)(4)				
4009AC	Implement the Over the Counter (OTC) Demonstration Program.	1	EA		
	Accounting and Appropriation Data: 9707070130.1889.102000 (b)(4)				
4009AD	Add Loratadine and Loratadine D to OTC Demo Program.	1	LT		
	Accounting and Appropriation Data: 1889.102000 (b)(4)				
4009AE	Implement Poly-Pharmacy Intervention Pilot Program Study	1	LT		
	Accounting and Appropriation Data: 89.102000 (b)(4)				
4009AF	Implement capability to support decimal quantity and maximum dollar amount edits from PDTS.	1	LT		
	Accounting and Appropriation Data: 9708080130.1889.102000				

Supplies or Services and Prices/Costs

TRRx Sep 26, 2003-Conformed Jan 23, 2009

Item No.	Supplies/Services	Quantity	Unit	Unit Price	Amount
	(b)(4)				
4011AB	Update of records for Co-Pay and CATCAP amounts-DoD originated-payment issued	50000	EA	(b)(4)	
4011AC	Update of records for Co-Pay and CATCAP amounts-Contractor originated-payment issued	15000	EA	(b)(4)	
4011AD	Update of records for Co-Pay and CATCAP amounts-DoD originated-no payment	1500	EA	(b)(4)	
4011AE	Update of records for Co-Pay and CATCAP amounts-Contractor originated-no payment	6000	EA	(b)(4)	
4012AB	Update records for OHI paid amount-DoD originated-check to be issued	1500	EA	(b)(4)	
4012AC	Update records for OHI paid amount-Contractor originated-check to be issued	1500	EA	(b)(4)	
4012AD	Update records for OHI paid amount-DoD originated-check received and deposited	1500	EA	(b)(4)	
4012AE	Update records for OHI paid amount-Contractor originated-check received & deposited	1500	EA	(b)(4)	
4013AA	Implement mailing to notify beneficiaries of impending formulary changes	1	LT	(b)(4)	
	Accounting and Appropriation Data: 9707070130.1889.102000				
4013AB	Administrative Fee	510000	EA	(b)(4)	
	Accounting and Appropriation Data: 9707070130.1889.102000				
4013AC	SAF - CRA - FY08 Implement 1st Qtr FY08 mailing to beneficiary regarding formulary changes	1	LT	(b)(4)	
	Accounting and Appropriation Data: 889.102000				
	(b)(4)				
4013AD	SAF - CRA - FY08 Administrative fee	34000	EA	(b)(4)	
	Accounting and Appropriation Data: 9708080130.1889.102000				

Supplies or Services and Prices/Costs

TRRx Sep 26, 2003-Conformed Jan 23, 2009

Item No.	Supplies/Services	Quantity	Unit	Unit Price	Amount
4013AE	(b)(4) Implement 2nd Qtr FY08 Mailing to beneficiaries regarding formulary changes Accounting and Appropriation Data: 889.102000 (b)(4)	1	LT	(b)(4)	(b)(4)
4013AF	2nd Qtr FY08 Administrative Fee Accounting and Appropriation Data: 889.102000 (b)(4)	88600	EA	(b)(4)	(b)(4)
5001	OPTION 5 June 01, 2008 through May 31, 2009 (Number in Quantity column is Estimated) Administrative Fee - Medicare Dual-Eligible	0	NA	(b)(4)	(b)(4)
5001AA	Electronic Media Claims	35500000	EA	(b)(4)	(b)(4)
5001AB	Paper Claims	1250000	EA	(b)(4)	(b)(4)
5002	Administrative Fee - TRICARE-Only Eligible	0	NA	(b)(4)	(b)(4)
5002AA	Electronic Media Claims	30000000	EA	(b)(4)	(b)(4)
5002AB	Paper Claims	1600000	EA	(b)(4)	(b)(4)
5003	Prior Authorization	0	NA	(b)(4)	(b)(4)
5003AA	Medicare Dual Eligible	32000	EA	(b)(4)	(b)(4)
5003AB	TRICARE - Only Eligible	50000	EA	(b)(4)	(b)(4)
5004	RESERVED	0	NA	(b)(4)	(b)(4)
5004AA	Cancelled Line Item	0	NA	(b)(4)	(b)(4)
5004AB	Cancelled Line Item	0	NA	(b)(4)	(b)(4)
5005	Medical Necessity Determination	0	NA	(b)(4)	(b)(4)
5005AA	Medicare Dual-Eligible	3000	EA	(b)(4)	(b)(4)

Supplies or Services and Prices/Costs

TRRx Sep 26, 2003-Conformed Jan 23, 2009

Item No.	Supplies/Services	Quantity	Unit	Unit Price	Amount
5005AB	TRICARE-Only Eligible	15000	EA	(b)(4)	
		NTE			
5006	Financial Incentive	1	LT		
5007	Phase-Out	1	LT		
5008	Information System Certification and Accreditation, Physical and Personnel Security in accordance with C.14.6, C.14.7, and C.14.8.	12	MO		
	END OF SECTION B				
5009	Change Order implementation	0	NA		
5009AA	Administration of NMI and AS in the Retail Pharmacy Network.	1	LT		
5009AB	Process Claim file from a CD	4	EA		
	Accounting and Appropriation Data: .1889.102000 (b)(4)				
5009AG	Implement Mailing to notify beneficiaries w/OHI that the Retail pharmacy can perform On-Line COB	1	LT		
	Accounting and Appropriation Data: 1889.102000 (b)(4)				
5009AH	Administrative Fee per postcard	31300	EA		
	Accounting and Appropriation Data: 889.102000 (b)(4)				
5009AJ	Implement & Process bene requests for Timely Filing Waivers	1	LT		
	Accounting and Appropriation Data: 0.1889.102000 (b)(4)				

Supplies or Services and Prices/Costs

TRRx Sep 26, 2003-Conformed Jan 23, 2009

Item No.	Supplies/Services	Quantity	Unit	Unit Price	Amount
5011AB	Update of records for Co-Pay and CATCAP amounts-DoD originated-payment issued	20000	EA	(b)(4)	
5011AC	Update of records for Co-Pay and CATCAP amounts-Contractor originated-payment issued	10000	EA		
5011AD	Update of records for Co-Pay and CATCAP amounts-DoD originated-no payment	1000	EA		
5011AE	Update of records for Co-Pay and CATCAP amounts-Contractor originated-no payment	5000	EA		
5012AB	Update records for OHI paid amount-DoD originated-check to be issued	1000	EA		
5012AC	Update records for OHI paid amount-Contractor originated-check to be issued	1000	EA		
5012AD	Update records for OHI paid amount-DoD originated-check received and deposited	1000	EA		
5012AE	Update records for OHI paid amount-Contractor originated-check received & deposited	1000	EA		
5013AA	Implement mailing to notify beneficiaries of impending formulary changes	0	LT		
	Accounting and Appropriation Data:				
5013AB	Administrative fee	0	EA		
	Accounting and Appropriation Data:				
5013AG	Non Formulary mailing 1st Qtr FY09	57200	EA		
	Accounting and Appropriation Data: 889.102000 (b)(4)				
5013AH	Non-Formulary Mailings 2nd Qtr FY09	189000	EA		
	Accounting and Appropriation Data: 889.102000 (b)(4)				

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C.1 Section C

C.1.1. This contract is in support of the TRICARE Retail Pharmacy (TRRx) program, a system for the acquisition, delivery, and distribution of prescriptions by the Department of Defense (DoD) on behalf of its beneficiaries through the Government and a contracted Pharmacy Benefits Manager (PBM) with a retail pharmacy network. Department of Defense funds, either appropriated or derived from the DoD Medicare-eligible Retiree Health Care Fund, will be used by the PBM to pay for all TRICARE prescriptions and the PBM will be paid negotiated fees for performance of all administrative services under the contract, including providing the retail pharmacy network and functioning as a fiscal intermediary for DoD. The PBM fees will not be related directly or indirectly to DoD's acquisition costs of pharmaceuticals under Section 603 of the Veterans Health Care Act of 1992 or Section 201(a) of the Federal Property and Administrative Services Act of 1949. The PBM will issue DoD funds to pay for each TRICARE prescription after receiving the Government's verification of the individual beneficiary's eligibility and authorization for payment. Therefore, DoD will be acquiring covered drugs and procuring them for the use of the Federal Government with DoD funds.

C.1.2. Pharmacies and the pharmacy network shall be maintained and monitored in accordance with Federal and State laws.

C.1.3. The contractor shall comply with the policies specified in the TRICARE Policy Manual 6010.54-M at Attachment 1, Section J, including all changes.

C.1.4. The contractor shall use the Pharmacy Data Transaction Service (PDTS) to verify eligibility, search for Other Health Insurance (OHI) information, and check and update the Central Deductible and Catastrophic Cap (CDCF) file. PDTS also supports Drug Utilization Review and adverse drug interaction screenings.

C.1.5. The contractor shall coordinate activities, such as transitions and marketing, through the Contracting Officer, with other TRICARE contracts including the TRICARE Mail Order Pharmacy Contract, and the regional Managed Care Support Contracts.

C.1.6. The contractor shall not negotiate or collect any rebates or vendor charge-backs of any type from pharmaceutical manufacturers on behalf of the Government or itself in regard to the services performed under this contract.

C.2. Definitions. Definitions are listed at Attachment 2, Section J of this contract.

C.3. Statement of Objectives. The statement of objectives represents the desired outcomes of this contract. The objectives are supported by technical requirements throughout Section C. The objectives are as follows:

C.3.1. Provide comprehensive retail pharmacy services to all DoD beneficiaries living in the 50 United States, the District of Columbia, Guam, Puerto Rico and the U.S. Virgin Islands, Northern Mariana Islands (NMI), and American Samoa (AS).

C.3.2. Achieve the highest level of beneficiary satisfaction possible through the provision of beneficiary friendly, high quality, professional retail pharmacy services.

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C.3.3. Provide retail pharmacy services in the most economical manner possible while adhering to the highest standards of retail pharmacy practice.

C.3.4. Establish and maintain on-going, open, and productive communication between the Government, the contractor, and other appropriate parties.

C.3.5. Ensure retail pharmacy services delivered under this contract result in minimal disruption to DoD beneficiaries during transition and throughout the life of contract.

C.4. RESERVED

C.5. TRRx Network

C.5.1. The contractor shall establish and maintain a TRRx network throughout the 50 United States, the District of Columbia, Guam, the U.S. Virgin Islands and Puerto Rico.

C.5.2. All network pharmacies shall be fully licensed and certified in accordance with applicable Federal and State laws, credentialed according to the contractor's criteria, and have a National Council for Prescription Drug Programs (NCPDP) number. Pharmacies providing pharmaceuticals solely through Internet or mail order pharmacies shall not be included in the TRRx network. Specialty pharmacy services may be provided through the mail. Retail pharmacies who offer to mail prescriptions to beneficiaries as part of their business may be included in the network, subject to retail pharmacy quantity limitations defined by the TRICARE benefit.

C.5.3. As part of its network, the contractor shall provide access to specialty pharmacy services, e.g., compounded prescriptions or pharmaceuticals requiring specialized distribution processes. All network specialty pharmacies shall submit claims electronically, and be reimbursed by the contractor according to the applicable network agreement.

C.5.4. The contractor shall provide assistance to network pharmacies through the contractor's pharmacy help desk in accordance with its commercial practice. The contractor shall coordinate with the Government for those inquiries that require Government input. The contractor's pharmacy help desk for TRRx will operate 24 hours a day, 365 days a year. The contractor's Customer Service Associates (CSAs) will take only retail pharmacy calls using a toll-free telephone number different from the beneficiary toll-free telephone number. Contractor staff will be dedicated specifically to the TRRx Pharmacy Help desk account.

C.5.5. As part of its network, the contractor shall provide an Over the Counter (OTC) drug Demonstration Program for Point of Sale claims.

C.5.5.1. PDTS shall be responsible for providing a Reject 70 (NDC Not Covered) when the beneficiary is outside of the Program requirements as described in the TRRx PDTS Interface Control Document (ICD) at Attachment 4, Section J.

C.5.5.2. The Contractor shall send one blast fax to network pharmacies, chains and independents educating them on the Demonstration Program. **On or about one week prior to sending the blast fax to the pharmacies, ESI will provide a copy of the blast fax to the contracting officer's technical representative for review and concurrence.** The contractor shall introduce the Program to the pharmacies four weeks prior to the Program's introduction and shall develop scripting to be utilized by the Pharmacy Help Desk and Beneficiary Call Center.

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The contractor shall inform network pharmacies of OTC products as they become eligible under the demonstration program.

C.5.5.2.1. The contractor shall follow the process outlined in C.5.5.2. each time a new class of OTC medications are included in this program.

C.5.5.3 The network pharmacies shall process prescriptions for the OTC product upon receipt of a valid prescription **for the OTC product**. Beneficiary notification of the OTC at Retail Program will be communicated by the Government.

C.5.5.4. OTC products dispensed within this demonstration program will be exempt from the incentive calculation contained in Section H.2.

C.6. TRRx Network Agreements. The contractor shall ensure that the following requirements are included in their TRRx network agreements:

C.6.1. At a minimum, provide TRICARE beneficiaries the same level of services provided to beneficiaries of other commercial clients to the extent allowed by Federal regulation and TRICARE policy.

C.6.2. All pharmacies shall maintain a process to document receipt of the medication by the beneficiary or the beneficiary's authorized agent.

C.6.3. The contractor shall ensure that TRRx network pharmacies collect beneficiary co-pays in accordance with 32 CFR 199. The contractor shall reimburse pharmacies in accordance with its network agreements. The contractor shall not collect any additional types of fees, rebates, discounts, or premiums specific to processing TRICARE prescriptions other than recoveries resulting from audits of network pharmacies.

C.7. TRRx Network Access Standards. The contractor shall maintain a pharmacy network which minimizes the number of eligible beneficiaries who will have to change pharmacies to use the offeror's proposed TRRx network. The contractor shall ensure that the number of pharmacies included in its network does not decrease by more than 10% of the total number of pharmacies originally proposed for its network, throughout the life of the contract. The network will be monitored using the reports in Section F.2.3. The contractor shall maintain a pharmacy network sufficient to meet the following minimum beneficiary access standards on an overall basis:

C.7.1. Urban: a pharmacy within two miles estimated driving distance of **90%** of the beneficiaries;

C.7.2. Suburban: a pharmacy within five miles estimated driving distance of **95%** of the beneficiaries;

C.7.3. Rural: a pharmacy within fifteen miles estimated driving distance of **95%** of the beneficiaries.

C.8. TRRx CLAIMS.

C.8.1. The contractor shall accept and process all claims with a date of service of September 01, 2003 or after received from network and non-network pharmacies, and from beneficiaries for pharmaceuticals and supplies furnished in the 50 United States, the District of Columbia, Guam, the U.S. Virgin Islands and Puerto Rico. Pharmaceutical claims received for pharmaceuticals and

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supplies furnished in other locations shall be forwarded to the TRICARE contractor responsible for processing claims for those locations. Claims with a date of service before September 01, 2003 shall be accepted only when supported by a TMA-approved waiver of timely filing. The contractor shall ensure that each claim passes administrative claim processing edits as defined in the TRRx PDS Interface Control Document (ICD) at Attachment 4, Section J. Covered supply items may be submitted using the NDC numbers or NDC-like numbers assigned to them.

C.8.1.1. For claims with a date of service before June 1, 2004 only (run-off claims), the following standards shall apply:

C.8.1.1.1. Claims shall be re-imbursed at billed charges with appropriate TRICARE benefit co-pay and deductible for network and non-network applied.

C.8.1.1.2. The contractor will determine network/non-network status based on the TRRx network in place at the time the claim is processed.

C.8.1.1.3. Each claim must be processed as a TED record with a discrete NCPDP# furnished by the Government to facilitate tracking run-off claims. Claims with the Government-furnished NCPDP# will not be rejected by PDS or TMA due to NCPDP#, provided the NCPDP# has been properly applied by the contractor.

C.8.1.1.4. TRICARE benefit plan prior authorization and medical necessity requirements will be overridden.

C.8.1.1.5. Benefit edits (exclusions) will be applied in accordance with current TRICARE policy.

C.8.1.1.6. Claims with Other Health Insurance (OHI) will be validated against current OHI files. Coordination of benefits (COB) claims will be processed in accordance with TRICARE policy.

C.8.1.1.7. The contractor is responsible for duplicate claims when it processes multiple claims for the same pharmaceuticals and/or supplies filled on the same prescription, for the same beneficiary, written by the same provider with the same date of service. If the Government determines that a duplicate payment has been paid, the contractor will take the necessary corrective action on such duplicate claim.

C.8.1.1.8. Administrative fee will be paid in accordance with schedule B.

C.8.1.2. The Interface Control Document (ICD) Connectivity to Pharmacy Data Transaction Services Interface (PDS) is described in Section J, Attachment 4 "TRRx PDS Interface Control Document (ICD)."

C.8.1.3. The ICD Configuration Control Board (ICCB). The ICCB will control and revise the ICD in order to efficiently process pharmacy claims.

C.8.1.4. ICCB Membership. The ICCB will be comprised of representatives each from TMA, PDS, and the contractor; who, together, will manage the TRRx ICD changes in accordance with Contracting Officer approved procedures.

C.8.1.5. ICCB Procedures. The members of the ICCB shall prepare written procedures at the first meeting. These ICCB will submit its written procedures to the Contracting Officer for written approval of the procedures prior to implementation. The ICCB will meet a minimum of once a year or more often as may be agreed upon by the members in the written procedures and approved by the Contracting Officer.

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C.8.1.6. ICD Revisions. The contractor shall abide by the ICD in the contract as Attachment 4 of Section J. Any subsequent changes to the ICD will result from written approval of the ICCB.

C.8.1.7. ICD Changes. ICCB representatives will be responsible for informing their respective organizations of prospective changes. It is expected that most ICD revisions will result from a contract Change Order being issued to direct the implementation of a TRICARE System Manual policy change. The cost for implementing a Change Order will include any costs associated with an ICD change. The TMA representative shall notify the Contracting Officer of any other ICD change that is being considered that may have a cost impact to the contract. The ICD change will not be implemented until directed by the Contracting Officer.

C.8.2. Claims for prescriptions filled but not dispensed (noncompliant) shall be reversed within ten calendar days of the date the original claim was submitted to the maximum extent possible, since reversals processed more than ten calendar days of the date the original claim submittal will require a corrected TED record.

C.8.3. The contractor shall implement a recoupment program in accordance with Attachment 3, Section J to recoup erroneously paid Government funds. Prescriptions subject to recoupment may be identified by the Government, or by the contractor through its audit procedures.

C.8.4. In addition to Government data requirements specified herein, in Section F, and in Section J, the contractor shall provide the Government read-only access to its claims system to facilitate Government beneficiary service support. Access will be provided beginning not later than the start of Option 1 and continue to contract completion.

C.8.5. For denied prescriptions, the contractor shall provide the pharmacy with the reason for the denial electronically, using NCPDP denial codes provided by PDTS.

C.8.6. The contractor is responsible for identifying and correcting any claims processing errors leading to the correction or adjustment of TRICARE Encounter Data records in accordance with the requirements specified in Section G.

C.8.6.1. Financial Transaction corrections and adjustments can be identified by the contractor or the Government that would require the contractor to adjust the financial record but may not require a payment to reimburse the beneficiary or pharmacy. When the Government identifies and originates a financial transaction, the contractor will be provided with a file formatted to generate the adjustment required to correct the record. The contractor may also identify and originate financial transactions that will require the contractor to create the adjustment. Whether the adjustment is contractor or Government identified; a payment may or may not need to be made to a beneficiary or pharmacy.

C.8.6.2. Financial Transactions corrections and adjustments are performed outside of clinical adjudication between the contractor and PDTS. The contractor will capture the information required to correct or adjust the financial portion of the TED record and submit the information to PDTS in an Excel file. PDTS will process the files to generate the adjusted TED record. PDTS will provide the contractor a separate payment file containing the adjusted transactions submitted. PDTS will provide the contractor, in Excel format, a rejected file for those transactions which PDTS was unable to create an adjusted TED record. The contractor will notify the Pharmacy Operations Center and/or PDTS of claim errors which remain outstanding, but are not a result of contractor errors.

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C.8.7. The contractor shall ensure the availability of DD 2642 claim forms to be used by beneficiaries. Upon request, the contractor shall mail copies of the form to beneficiaries. Hardcopy forms mailed to beneficiaries shall be the official OMB form, allowing for carbon copies. The contractor shall also make the form available for downloading by linking its TRRx web site to the document on the TMA website. Paper claims for non-network pharmacy services shall be reimbursed at billed charges minus co-pay and applicable deductible. The contractor shall receive paper claims from beneficiaries who use non-network pharmacies, or from beneficiaries submitting OHI claim balances, i.e. split-billing. Paper claims for OHI claim balances shall be processed to reimburse the beneficiary's personal liability of the balance remaining after the OHI has paid, up to the amount that would have been covered by TRICARE in the absence of OHI. The contractor shall enter these claims, by prescription, into its claims payment system for processing and submittal of required data to PPTS. Each prescription processed will generate an individual TRICARE Encounter Data record. The contractor shall be held to the same standards for data quality specified in the PPTS ICD as established for electronic claims.

C.8.7.1. For paper claims submitted to PPTS with a date of December 1, 2006, or later, the following requirements shall apply:

C.8.7.1.1. For rejected paper claims; within three calendar days of the date the claim was submitted and rejected in PPTS, the contractor will resolve data entry errors when the missing or valid data required for successful adjudication of the claim is available internally.

C.8.7.1.2. The rejected paper claims that remain eligible for payment of an administrative fee for claim processing shall be submitted monthly as outlined in Section G.2.3.2 and G.2.3.3.

C.8.7.2. When the Government identifies an overpayment by a beneficiary that will require the contractor to correct records and issue a payment to reimburse the beneficiary for any reason other than an error by the contractor, a change order will be issued to direct and fund the work.

C.8.8. TRRx Claims Processing Standards

C.8.8.1. 99% of electronic claims shall be processed to completion within five seconds of receipt, measured on a monthly basis. This processing time is exclusive of the time the transaction is being processed at PPTS.

C.8.8.2. 100% of electronic claims shall be processed to completion within five working days of receipt, measured on a monthly basis.

C.8.8.3. 95% of paper claims shall be processed to completion within ten working days of receipt, measured on a monthly basis.

C.8.8.4. 100% of paper claims shall be processed to completion within 20 working days of receipt, measured on a monthly basis.

C.8.8.5. The contractor will ensure the period of time between the date batch funding authorization is received (day zero) and the date checks and EOBs are mailed does not exceed a monthly average of two and one half (2.5) business days with no individual batch exceeding five (5) business days 100% of the time. This will be measured at a batch level on a monthly basis."

C.8.9. Claims Filing Deadline

C.8.9.1. Timely Filing for Claims Received Greater than One Year from Date of Prescription Fill.

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C.8.9.1.1. All claims for benefits must be filed with the contractor no later than one year after the date the services were provided. Any written request for benefits from a beneficiary, whether or not on a claim form, shall be accepted for determining if the "claim" was filed on a timely basis. However, when other than an approved claim form is first submitted, the claimant shall be notified that only an approved TRICARE claim form is acceptable for processing a claim for benefits. The contractor shall inform the claimant in writing that in order to be considered for benefits, an approved TRICARE claim form and any additional information (if required) must be submitted and received by the contractor no later than one year from the date of service or date of discharge, or 90 calendar days from the date they were notified by the contractor, whichever is later. The claimant should submit claims on a DD Form 2642.

C.8.9.2. Exceptions to Filing Deadline that can be authorized by the contractor.

C.8.9.2.1. Retroactive Determinations. In order for an exception to be granted based on a retroactive determination, the retroactive determination must have been obtained/issued after the timely filing period elapsed. If a retroactive determination is obtained/issued within one year from the date of service/discharge, the one year timely filing period is still binding.

Only the Uniformed Services or the Department of Veterans Affairs may make the determination for retroactive eligibility. For purposes of granting an exception once a retroactive eligibility determination is made, an exception to the claims filing deadline shall be granted. A copy of the retroactive eligibility decision must be provided. Claims which are past the filing deadline must, however, be filed not more than 180 days after the date of issue of the retroactive authorization determination.

C.8.9.2.2 Inability to Communicate and Mental Incompetency. For purposes of granting an exception to the claims filing deadline, mental incompetency includes the inability to communicate even if the result of a physical disability. A physician's statement, which includes dates, diagnosis(es) and treatment, attesting to the beneficiary's mental incompetency shall accompany each claim submitted. Review each statement for reasonable likelihood that mental incompetency prevented the person from timely filing. If the failure to timely file was due to the beneficiary's mental incompetency and a legal guardian had not been appointed during the period of time in question, the contractor shall grant an exception to the claims filing deadline based on the required physician's statement. If the charges were paid by someone else, i.e., spouse or parent, request evidence from the spouse or parent that the claim was paid and by whom. When the required evidence is received, make payment to the signer of the claim, with the check made out: "Pay to the order of (spouse's or parent's name) for the use and benefit of (beneficiary's name)." If a legal guardian was appointed prior to the timely filing deadline and the claims filing deadline was not met, an exception cannot be granted due to mental incompetency of the beneficiary.

C.8.9.2.3 Reserved

C.8.9.2.4. Other Health Insurance (OHI)

The contractor may grant exceptions to the claims filing deadline requirements, if the beneficiary submitted a claim to a primary health insurance, i.e., double coverage, and the OHI delayed adjudication past the TRICARE deadline. These claims must have been originally sent to the OHI prior to the TRICARE filing deadline or must have been filed with a TRICARE contractor prior to the deadline but returned or denied pending processing by the OHI. The beneficiary must submit with the claim a statement indicating the original date of submission to the OHI, and date of adjudication, together with any relevant correspondence and

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an Explanation of Benefits or similar statement. The claim form must be submitted to the contractor within 90 days from the date of the OHI adjudication.

C.8.9.2.5. Dual Eligibility with Medicare

The contractor may grant exceptions to the claims filing deadline if Medicare accepted the claim as timely. The claim must be submitted, either by Medicare or by the beneficiary, within 90 calendar days from the date of Medicare's adjudication to be considered for a waiver.

C.8.9.3. Exception to Filing Deadline that can be authorized only by TRICARE Management Activity.

All claims received by the contractor dealing with an apparent Administrative error must be submitted to TRICARE Management Activity, Beneficiary & Provider Services with all documentation to be considered for a waiver.

C.9. Other Health Insurance. If the beneficiary has an OHI pharmacy benefit, TRICARE will pay secondary to that OHI or any other OHI with a pharmacy benefit, except where a beneficiary is covered by a state Medicaid plan, in which case TRICARE is primary payer. Where TRICARE is not the primary payer, PDS will indicate OHI is present and the contractor will deny the prescription for primary payment by TRICARE. Following payment by the beneficiary's OHI, the beneficiary may choose to submit a paper claim to the contractor for any remaining balance and/or OHI co-pay. The DD 2642 claim form must include documentation from the OHI indicating the amount paid by the OHI and the patient's personal liability for any unpaid amount. The contractor shall accept beneficiary notification, written or verbal, showing the beneficiary does not have OHI coverage and forward the information to the DoD Pharmacy Operations Center."

C.10. Databases. The contractor shall ensure that all contractor reference database files are maintained and updated within five business days of the most recently published update. Those files may include but are not limited to DEA provider files, Medispan, First Data Bank, Micromedex, HCidea, and National Council for Prescription Drug Program (NCPDP) provider file. These database files are not subject to Privacy Act records keeping and management requirements.

C.11. Prior Authorizations. The Government may, through the DoD Pharmacy and Therapeutics (P&T) Committee, designate certain drugs that require Prior Authorization prior to being dispensed. The Government will provide its own criteria or ask the contractor to propose Prior Authorization criteria for review, modification and adoption by the Government. All Prior Authorization criteria are subject to DoD P&T Committee approval. The contractor shall not deny any claim without first submitting to PDS to determine whether a previously approved authorization is on file. The contractor shall accept prescriber-completed Prior Authorization request forms from beneficiaries, physicians and pharmacies by electronic or hardcopy media. Telephonic Prior Authorization reviews shall only be completed with prescribers or their authorized staff. The contractor shall review the requests and approve or deny them in accordance with Government-approved Prior Authorization criteria. The contractor shall submit all Prior Authorization approvals and denials into PDS as described in the TRRx PDS Interface Control Document (ICD) at Attachment 4, Section J. The contractor shall complete reconsiderations of initial determinations and complete appeals in accordance with the requirements at C.16.3.4 "Appeals Plan".

C.11.1. Prior Authorization Standards

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C.11.1.1. Measured on a monthly basis, 100% of all Prior Authorization requests shall be completed and notification sent to the beneficiary and provider within two working days of receipt of a properly completed Prior Authorization request.

C.12. Medical Necessity Determinations

C.12.1. Upon request by the beneficiary, the contractor shall use Government-provided criteria to determine whether Medical Necessity substantiates the need to provide the beneficiary a non-formulary drug at the formulary co-pay. The contractor shall accept prescriber-completed information from beneficiaries, physicians and pharmacies by electronic or hardcopy media. Telephonic information shall only be accepted from prescribers. Medical Necessity determinations shall be reviewed and approved by physicians, pharmacists, registered nurses, or physician assistants.

C.12.2. The contractor shall submit all Medical Necessity Determination approvals and denials into PDTS as described in the PDTS ICD at Attachment 4, Section J. The contractor shall complete reconsiderations of initial determinations and complete appeals in accordance with the requirements at "Appeals Plan" below.

C.12.3. Medical Necessity Determination Standards

C.12.3.1. Measured on a monthly basis, 100% of all Medical Necessity determination requests shall be completed and notification sent to the beneficiary and provider within two working days of receipt of a properly completed Medical Necessity request.

C.13. Clinical Services Reporting Requirements: The contractor shall document (in electronic format) all Prior Authorization and Medical Necessity Determination requests and compile a monthly report of all actions that explains the reasons for denials, differentiated between initial denials and denials on appeal. The contractor shall maintain a process to consistently determine initial beneficiary appeals in order to ensure proper application of the Prior Authorization and Medical Necessity criteria and identify opportunities for improvement. The schedule for clinical services reports are detailed at Section F.2.6. for Prior Authorization and Section F.2.7. for Medical Necessity Determinations.

C.14. Information Technology

C.14.1. The contractor shall transmit and receive messaging using NCPDP Version 5.1. compliant systems. The contractor shall implement future versions as coordinated with PDTS.

C.14.2. The PDTS ICD referenced at Attachment 4, Section J, specifies the accreditation and certification requirements that shall be met by the contractor.

C.14.3. Errors in the transmission of TED records between PDTS and TMA will be corrected by PDTS.

C.14.4. The contractor shall provide a TRICARE Encounter Provider Record (TEPRV) for all retail pharmacies providing services to beneficiaries under this contract. The contractor shall submit new or updated TEPRV Records as necessary, ensuring these records pass the TMA edits, and perform all

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maintenance transactions to ensure proper processing of TRICARE Encounter Data records by TRICARE. This data file shall include the data elements specified in, and formatted in accordance with TRICARE Systems Manual 7950.1-M (TSM) at Attachment 5, Section J. Attachment 5, Section J also provides instructions for transmitting TEPRV Records to TMA.

C.14.5. The contractor shall operate systems of records in support of the Department of Defense (DoD) TRRx program which will require obtaining, maintaining, and using sensitive and personal information strictly in accordance with controlling laws, regulations, and DoD policy.

C.14.5.1. The contractor information systems/networks involved in the operation of TRRx program systems of records shall be safeguarded through the use of a mixture of administrative, procedural, physical, communications, emanations, computer and personnel security measures that together achieve the same requisite level of security established for DoD information systems/networks for the protection of information referred to as "Sensitive Information" (SI) and/or "Controlled Unclassified Information." The contractor shall provide a level of trust which encompasses trustworthiness of systems/networks, people and buildings that ensure the effective safeguarding of SI against unauthorized modification, disclosure, destruction and denial of service.

C.14.5.2. The contractor, as a business associate of TRICARE under the terms of the contract (see Sections H.3. and H.4. and Attachment 6, Section J), shall also be compliant with the Health Insurance Portability and Accountability Act (HIPAA) as implemented by the Department of Health and Human Services (DHHS) final rule on Health Insurance Reform: Security Standards (45 Code of Federal Regulations Parts 160, 162, and 164), effective April 21, 2003. Although the compliance date established by the DHHS final rule is April 21, 2005, the contractor shall be in compliance with the requirements of the final rule at the start-work date of this contract.

C.14.5.2.1. As of May 23, 2007, the NPI shall be the primary provider identifier used for the adjudication of HIPAA-compliant Electronic Transactions. Effective May 23, 2007, all providers submitting HIPAA-compliant electronic standard transactions must be identified by an NPI. The NPI will be the only identifier used for identifications of providers, who meet the HHS definition of a covered entity, in HIPAA-compliant electronic standard transactions. At a date to be determined, the use of the NPI for the identification of all providers, meeting the HHS definition of a covered entity, will apply to the submission of all claims, irregardless of the submission type, i.e., whether electronic or paper forms.

C.14.5.2.1.1. In the case of pharmacies which meet the DHHS definition of a covered entity, and also submit HIPAA-compliant electronic standard transactions, as of May 23, 2007(unless delayed by the Contracting Officer), transactions submitted without the appropriate NPI for the pharmacy and/or prescribing provider will not be processed in accordance with the Final Rule.

C.14.6. Information System (IS)/Networks Certification and Accreditation. The contractor IS/networks shall comply with the Certification and Accreditation (C&A) process (see definition at Attachment 2, Section J) established under the **DoD Information Assurance Certification and Accreditation Process (DIACAP)** for safeguarding SI accessed, maintained and used in the operation of systems of records under this contract.

C.14.6.1. The **DIACAP** is the standardized approach to the C&A process within DoD. Each IS/network that undergoes **DIACAP** must have required security controls in place, must have documented the security components and operation of the IS/network and must successfully complete testing of the required security

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controls. The contractor shall ensure **DIACAP** documentation is available for review and is accurate. Each contractor IS/network must also comply with the requirements for Information Assurance Vulnerability Management (IAVM) to ensure that the security posture is maintained. Guidance regarding the requirement for IAVM is contained in the DoD Information Assurance Vulnerability Alert (IAVA), 30 December 1999 (Attachment 7, Section J) while implementation is addressed in the "DISA IAVA Process Handbook, Version 2.1, 11 June 2002" (Attachment 8, Section J).

C.14.6.2. The contractor shall execute the **DIACAP** process by providing, for receipt by the Contracting Officer within thirty (30) calendar days following contract award, the required documentation necessary to receive an Interim Approval to Operate (IATO), and making their IS(s)/networks available for testing. The contractor shall be required to mitigate the vulnerabilities identified for correction during the risk assessment process. These requirements shall be met before interconnecting with any DoD information system or network is authorized. The Military Health System (MHS) **DIACAP** Checklist (Attachment 9., Section J) is provided for assistance regarding meeting the **DIACAP** requirements. Reference material and **DIACAP** tools can be obtained at http://www.tricare.mil/tmis_new/IA.htm#diacap.

C.14.7. Information Systems (IS)/Networks Physical Security. The contractor shall employ physical security safeguards for IS/Networks involved in the operation of TRRx program systems of records to prevent the unauthorized access, disclosure, modification, destruction, use, etc., of sensitive information (SI) and to otherwise protect the confidentiality and ensure the authorized use of sensitive information (SI). In addition, the contractor shall support a Physical Security Audit performed by the Government of the contractor's internal information management infrastructure using the criteria from the Physical Security Audit Matrix (Attachment 10, Section J). The contractor shall correct any deficiencies identified by the Government of the contractor's physical security posture.

C.14.8. Personnel Security. The contractor shall meet the requirements of DoD 5200.2-R "Personnel Security Program," January 1987, and the TRICARE Systems Manual 7950.1-M, August, 2002, Chapter 1, Section 1.1, Part 5.0 Personnel Security ADP/IT Requirements as revised by **Change 15 (TSM 15), dated August 30, 2004** for employees and subcontractor employees that require access to Government information technology (IT) systems or access to contractor/subcontractor IT systems that process DoD sensitive but Unclassified (SBU) information and are directly connected to Government IT systems, and/or to those contractor/subcontractor personnel who have access to or process DoD sensitive information.

C.15. Marketing and Education

C.15.1. The contractor shall provide monthly updates to TMA Communications and Customer Service (C&CS) for inclusion in marketing and education materials, e.g., pharmacy network changes, educational materials, or other items of interest to the beneficiaries. The delivery schedule for these monthly updates is provided at section F.2.9.

C.15.2. The contractor shall complete a Memorandum of Understanding (MOU) with the TMA C&CS for future marketing and educational materials requirements (subsequent to the initial mailing described at C.20.2.) and the submission of pharmacy updates to be included in TRICARE educational materials. Delivery of the MOU shall be in accordance with section F.2.10.

C.15.3. Notification of Formulary drug changes

C.15.3.1. The contractor shall provide notification of approved formulary changes via a letter sent by first class USPS mail to specified beneficiaries as

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identified by the Government. The Government will provide an address file on or about 60 days prior to the scheduled implementation of the formulary change. The file will be provided in an agreed upon format that will not require the contractor to manipulate the data in a different format than supplied. The contractor will perform their best efforts to mail the formulary change notification on or about 30 days before the date that the formulary changes will be effective.

C.15.3.2. The letterhead shall contain both the TRICARE and contractor logos. The contractor shall (1) draft the proposed letter and finalize the content with the Government; (2) print the notification letters; (3) address the notification letters using data file provided by the Government; (4) apply appropriate first class postage based on sorted Zip Code and mail letter; (5) place a copy of the letter on the contractor's website; (6) make a copy of the letter available to call center personnel and create proper scripting to be used by call center personnel; and (7) perform appropriate quality control to ensure letters are mailed to the provided addresses.

C.15.4. Poly-Pharmacy Intervention Pilot Program Study. The Poly-Pharmacy Intervention Pilot Program Study will involve written and telephonic communications with TRICARE beneficiaries, 55 years of age and older, who 1) have filled 10 or more maintenance medications in the 90 day baseline period and 2) reside in the State of North Carolina. No communications will be sent to physicians. There will be an initial mailing to an estimated 4,000 beneficiaries to request written consent to participate in the study. Upon receipt of the signed consent from an estimated 50% of the beneficiaries, a study packet will be sent to each consenting beneficiary. The study packet will include the beneficiary's medication profile, instructions, and a survey. The purpose of the packet is to promote the beneficiary to initiate a medication review with their pharmacist and/or health care provider. That pharmacist could be a retail pharmacist, Military Treatment Facility (MTF) pharmacist, or a TMOP pharmacist depending on the Point of Sale. Once the medication review is completed the intent is for the beneficiary to fill out the survey and then provide the survey and medication list back to the contractor for tracking.

C.15.4.1. The contractor shall send one blast fax to network pharmacies, chains and independents in the state of North Carolina to encourage them to participate should the beneficiary request their assistance.

C.15.4.2. The contractor shall create, based on TMA instructions and templates; then produce and mail an initial consent packet that includes 1) an introduction letter that contains an introduction letter with both the contractor and TRICARE logos that is to be signed by a OASD/HA authority, 2) a consent form that includes FAQ's and the consent form that has been approved by the Contracting Officer's technical representative (COR) or assigned designee, 3) DoD assigned Patient ID number that must be printed on the consent form for tracking purposes 4) a special mailbox established to receive responses and 5) a postage paid business reply envelope for the beneficiary to mail the completed items back to the contractor.

C.15.4.3. The contractor shall 1) dedicate a phone, fax, and a single point of contact (POC) for the beneficiaries that agree to be study subjects to submit their questions and concerns, 2) contact beneficiaries who respond with missing or incomplete consent forms, confirm the beneficiary's interest in the program, and re-mail the consent form as required for written consent 3) not accept verbal consents, 4) collect and electronically track consent form, survey responses and data and 5) provide a weekly report to the Contracting Officer's Technical Representative (COR) or assigned designee.

C.15.4.4. The contractor shall create, based on TMA instructions and templates; then prepare and mail an individualized study package to each consenting

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beneficiary. The study package will include 1) an introduction letter that contains both the contractor and TRICARE logos to be signed by a OASD/HA authority, 2) instructions for participation, 3) a list of medications individualized to the beneficiary, 4) a survey form, 5) a postage paid business reply envelope for the beneficiary to mail the completed items back to the contractor.

C.15.4.4. The contractor shall make phone contact with the consenting beneficiaries who do not return a survey within 60 days of the mailing of the study packet. If the beneficiary has already performed a medication review, the survey response may be given over the phone. Otherwise the intent of the phone call is to confirm the beneficiary's intent to participate in the study.

C.15.4.5 The contractor will work with TMA on the overall development of the pilot program study that includes receiving document templates and instructions on 1) compiling returned consent forms and survey responses, 2) delivery all electronic logs and hardcopy consent forms, medication lists, and survey forms, and 3) the final data analysis and publication of the pilot program study on the TRICARE website.

C.15.5. Beneficiary notification of Other Health Insurance (OHI) coordination of benefit (COB) by retail pharmacies.

C.15.5.1. The contractor shall provide a postcard mailing to beneficiaries with OHI who have previously submitted a paper claim for Direct Member Reimbursement (DMR) of OHI amounts paid notifying them that COB is available when purchasing prescriptions at the retail pharmacy. The contractor shall send a postcard by first class USPS mail to beneficiaries identified by the Government as having submitted an OHI claim for DMR. The contractor will perform their best efforts to mail the notification on or about 30 days after receiving the address file for the beneficiaries.

C.15.5.2. The postcard shall contain both the TRICARE and contractor Logos near the return address. The contractor shall (1) draft the proposed postcard that is no larger than 6 inch by 4 1/4 inch card and finalize the content for approval by the Government, (2) print the postcards, (3) address the postcards using the data file provided by the Government, (4) use the Express Scripts, One Express Way, St. Louis, MO 63131 return address (4) apply appropriate first class postage based on card size and Zip Code and (5) perform appropriate quality control to ensure the postcards are mailed to the provided addresses.

C.16. Management

C.16.1. In addition to the security requirements for contractor information systems/networks under Section C.14. above, the contractor shall also operate TRRx program systems of records strictly in accordance with controlling laws, regulations, and DoD policy on confidentiality and privacy of individually identifiable information as referenced in Attachment 6, Section J. The contractor shall also provide and document necessary and appropriate training of all workforce members (e.g., all employees, volunteers, trainees, and other persons who conduct and perform work for the contractor) in the proper handling and safeguarding of this information.

C.16.2. The contractor shall support ongoing management interaction between the Government and the contractor. The contractor shall identify points of contact for contractual and business issues, administrative support including pharmacy issues and information technology issues. Clinical support shall be provided by the contractor to support the Government in the Pharmacy and Therapeutic (P&T) Committee process, utilization management initiatives, benefit design and utilization review. The DoD P&T committee meets on a quarterly basis for

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approximately three days. The contractor shall have a process in place to support the implementation of TRICARE (client) specific operating procedures throughout the life of the contract.

C.16.3. The contractor shall comply with its plans listed below and incorporated herein:

C.16.3.1. Quality Assurance Plan. The contractor shall implement a Quality Assurance Plan, by the beginning of Option 1, that will identify areas for improvement, implement changes, and measure the successes or failures of the changes implemented. The quality assurance plan shall also describe pharmacy audit procedures.

C.16.3.2. Fraud and Abuse Detection Plan. The contractor shall implement a Fraud and Detection Plan, by the beginning of Option 1, in accordance with 32 CFR 199.9 (except for paragraph e), and Attachment 11, Section J.

C.16.3.3. Disaster Recovery Plan. The contractor shall implement a Disaster Recovery Plan effective at the beginning of Option Period 1, to ensure that TRRx services shall not be disrupted for more than 24 consecutive hours throughout the life of the contract.

C.16.3.4. Appeals Plan. By the beginning of Option 1, the contractor shall implement and maintain an appeals process available to beneficiaries in the event of denied claims, including Prior Authorization denials and Medical Necessity Determination denials, in accordance with 32 CFR 199.10, 32 CFR 199.15, and Attachment 12, Section J. The reconsideration determination shall advise the appealing party of any further appeal rights they might have under 32 CFR 199.10 and/or 32 CFR 199.15.

C.16.3.4.1. The contractor's appeals plan shall include issuing written notice to beneficiaries who query the denial of a prescription at the retail network pharmacy outlet, via telephone or written media. The notice shall include the beneficiary's appeal rights.

C.16.4. The contractor shall establish and implement a training plan to ensure that its staff and subcontractors (if any) are thoroughly trained and knowledgeable regarding the requirements of the TRRx program and its administration under this contract. The training plan shall be implemented in time to support services effective with the start of Option 1.

C.17. Legal Matters. The contractor shall provide immediate telephonic notice (call 303-676-3705), followed by written notice to the TMA Office of General Counsel within three calendar days, of receipt of any civil or criminal complaints or subpoenas filed against it in any judicial or administrative tribunal pertaining to services under this contract. For informational purposes only, the contractor shall provide written notice to the Contracting Officer of any civil or criminal complaints or subpoenas filed against any network pharmacy within seven days of when the information first becomes known to the contractor.

C.18. Records Management. All contractor records generated under this contract, as specified in Attachment 13, Section J, shall be maintained in accordance with 36 CFR 1222.48 and Attachment 13, Section J, entitled "Records Management." The contractor shall identify its Records Manager to the Contracting Officer within ten calendar days of award. Following contract award, the contractor shall schedule its Records Manager to attend the next available TMA records management class presented annually in Denver, Colorado.

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The Records Manager will be required to attend the course annually thereafter. This is a five-day course.

C.19. Beneficiary (member) Services. The contractor shall implement a beneficiary service unit using personnel whose primary responsibility is to provide responsive beneficiary support for the TRRx account. The beneficiary service unit shall be available to support beneficiaries at the start of Option 1.

C.19.1. The contractor shall provide TRICARE beneficiaries with toll free telephone numbers to call for assistance throughout the 50 United States, the District of Columbia, Guam, Puerto Rico and the U.S. Virgin Islands. Where the contractor cannot resolve a specific issue which does not relate to a functional requirement under this contract it will identify and transfer the caller to other beneficiary (member) services or Government offices as required, including, but not limited to the TRICARE Mail Order Pharmacy, Managed Care Support Contractor(s), TRICARE Service Centers, Military Treatment Facilities Health Benefits Office, or the PPTS Customer Service Center. The contractor's representative shall remain on the line until the call is properly transferred to the appropriate representative. If the appropriate target beneficiary services or Government offices are unavailable for reasons other than a normal hold time (e.g., the office is closed or a required system is down), the contractor will provide the caller with contact information for the target beneficiary service or Government office, otherwise, the contractor is expected to remain on the line until the beneficiary is transferred to the appropriate representative. The contractor's beneficiary (member) service centers shall be staffed to meet or exceed contract requirements stated below. The contractor's TRRx beneficiary (member) service centers shall operate 24 hours per day, 365 days per year. The contractor will use a dedicated Beneficiary Service unit to exclusively support TRRx. The contractor will support a Member Choice Center (MCC) as defined in paragraph C.19.8.

C.19.2. The contractor may use an Automated Response Unit (ARU) to receive beneficiary calls. The contractor shall provide beneficiary service to all non-English speaking and hearing impaired beneficiaries. If calls are received by an ARU, 100% of all telephone calls shall be acknowledged within 20 seconds. The first menu choice presented to the caller shall allow the caller to be transferred to a Customer Service Representative.

C.19.3. The contractor shall ensure the necessary number and type of personnel are available during all hours of operation of the Beneficiary Service Center to answer TRICARE beneficiary questions.

C.19.4. Telephone Response Standards. When a caller requests to speak with a beneficiary service representative, the connection will be made within 30 seconds, 95% of the time. Call blockage shall be maintained at less than 2% and call abandonment shall be maintained at less than 4%.

C.19.5. Written Correspondence. The contractor shall respond to all written correspondence within an average of 5 business days.

C.19.5.1. Priority Written Inquiries (Congressional, ASD(HA), and TMA)

All priority written inquiries shall be stamped with the actual date of receipt within one workday of receipt in the contractor's custody. The contractor shall provide final responses to priority written inquiries as follows:

- 95% within 10 calendar days of receipt;
- 100% within 30 calendar days of receipt.

C.19.6. Website. The contractor shall provide a dedicated TRICARE Retail Pharmacy page on its website to include an explanation of the TRRx, beneficiary

center service phone numbers, hours of operation, mailing and email addresses. The website shall provide the TRICARE formulary alternative for non-formulary drugs, to include, where applicable, the preferred agent. The web site shall provide a link to the TMA pharmacy web site, the TMOP web site, and the regional Managed Care Support Contractors' web sites. The web site shall also provide the ability to locate network pharmacies by zip code, and the ability to view and download Prior Authorization forms and criteria.

C.19.7. Activation of Call Center. The Contractor shall make available, at no cost to the Government, their dedicated TRRx toll-free number (1-866-DOD-TRRX) on April 22, 2004 through May 28, 2004. ESI will direct their carrier, Sprint, to route these calls to 866-212-3897 during this time. Effective May 28, 2004 the routing to 866-212-3897 will discontinue and the ESI Call Center will in place to handle the 866-DOD-TRRX calls directly. Every call will have (b)(4) cent forwarding charge and that the per minute talk time rate will be (b)(4) cents over and above the forwarding charge. The Government will reimburse ESI for the Sprint talk time charges from April 22, 2004 through May 28, 2004 and these costs will be unburdened by ESI. ESI shall submit a copy of their itemized invoice to the Contracting Officer at TMA for all calls received from April 22, 2004 through May 28, 2004 not later than June 30, 2004. The phone line will be transferred from ESI Call Center at 12:01 A.M. Eastern Time on Thursday, April 22, 2004 and back to ESI Call Center at 8:00 P.M. Eastern Time on Friday, May 28, 2004.

C.19.8. Member Choice Center Program. The contractor shall support the Member Choice Center (MCC) operated under contract MDA906-02-C-0013, TRICARE Mail Order Pharmacy, for the purpose of assisting beneficiaries in converting their point of service for on-going maintenance medications from the Retail Pharmacy to the Mail Order Pharmacy.

C.19.8.1 The contractor shall use its commercial best practices to identify TRRx beneficiaries who are using maintenance medications received from a retail network pharmacy at the time they contact the TRRx Beneficiary Call Center. The contractor shall develop "push" messages about the MCC to be used by contact center agents to educate identified beneficiaries when they call the TRRx Beneficiary Call Center. Contact center agents shall have the ability to transfer the beneficiary's call from the TRRx Call Center directly to the MCC for further assistance.

C.19.8.2. The contractor Beneficiary Automated Response Unit (ARU) will include an option for the beneficiary to transfer directly to the MCC, if the call involves an on-going maintenance medication.

C.19.8.3. The contractor TRRx website will include a hyperlink to the Mail Order (TMOP) website. The TMOP website is provided under contract MDA906-02-C-0013. The TMOP website allows the beneficiary to enroll in the TMOP program, view their maintenance medications that are being dispensed in the retail pharmacy setting, and allow the beneficiary to select those medications that they decide to have converted to home delivery. The contractor may add any additional language to the TRRx website that will educate beneficiaries about the MCC program and the benefits of the TMOP. Any additional language will be reviewed by the Government prior to adding to the website.

C.20. Contract Phase-In.

C.20.1. Phase-in begins at contract award. The contractor shall complete all phase-in efforts in accordance with the Contracting Officer approved transition plan and be prepared to begin contract performance no later than 180 calendar days after contract award. Completed phase-in efforts shall include a clear demonstration that network provider agreements have been executed and loaded

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into the contractor's systems, all PDS connectivity has been successfully tested, that PDS certification has been obtained, and that any necessary Memoranda of Understanding with TMA C&CS, other TRICARE contractors, such as Managed Care Support Contractors, have been executed. The contractor shall participate in comprehensive testing of all Information Technology links during the phase-in period, including testing the entire process from presentation of a prescription to a network pharmacy through generation of TRICARE Encounter Data records. Testing shall be completed in accordance with the Contracting Officer approved Transition Plan referenced above.

C.20.2. The contractor shall prepare, and distribute an initial mailing to each household that has eligible TRICARE beneficiaries who have filled prescriptions through a retail pharmacy within the 12 month period prior to the date of the initial mailing. The mailing shall be coordinated with the Contracting Officer or designee, and shall describe the benefit, identify the nearest network pharmacies, and provide contractor contact information and a TRICARE Pharmacy Information Card (specified in Section C.4.). Information distributed shall incorporate the TRICARE logo. Design specifications for the logo may be found at www.tricare.osd.mil/to02/C12ADA.PDF. The mailing shall also include one copy of the DD Form 2642. The contractor shall submit all materials developed for the initial mailing to the Contracting Officer for approval prior to printing. Printing of the material shall be accomplished in accordance with the MOU between the contractor and C&CS discussed at Section C.15.2. This mailing shall be distributed, one per eligible household, 30 to 40 calendar days prior to the start of pharmacy services. The schedule for activities associated with the initial mailing is provided at section F.2.8.

C.20.3. The contractor shall submit a TRRx Weekly Status Report of TRRx phase-in and operational activities to the TMA Contracting Officer. The status report shall address those items identified as being key to the success of the transition as identified in the start-up plan.

C.21. Contract Phase-Out.

C.21.1. Upon award of any subsequent contract, the incumbent TRRx contractor shall transition activities to the incoming contractor with minimal disruption of services to the beneficiaries. The TRRx contractor shall maintain sufficient qualified staff to meet all requirements of the contract, including beneficiary services. The TRRx contractor shall submit a written phase-out plan to the TMA Contracting Officer 180 calendar days prior to the expiration of this contract. The plan shall detail phase-out activities to assure continuity of operations and the execution of a smooth and timely transition. The TRRx contractor shall establish a Memorandum of Understanding with the incoming contractor, 150 calendar days prior to the expiration of this contract, detailing mutual responsibilities necessary to complete the transition. Phase-out activities will be coordinated through the Contracting Officer.

C.21.2. At the time of transition from this TRRx contract to a follow-on contract, the outgoing contractor shall submit a weekly status report of phase-out activities to the Contracting Officer beginning the 30th calendar day following the award of a successor contract until otherwise notified by the Contracting Officer to discontinue. This shall be done in accordance with specifications of the official transition schedule.

(End of Section C)

SECTION D
PACKAGING AND MARKING

D.1 Section D

Preservation, packaging, and marking for all prescription pharmaceuticals delivered hereunder shall be in accordance with applicable Federal and State laws.

(End of Section D)

SECTION E
INSPECTION AND ACCEPTANCE

E.1 Section E

52.246-4 INSPECTION OF SERVICES--FIXED-PRICE (AUG 1996)
(Reference 46.304)

E.2 Section E

E.2.1. Upon completion of pharmaceutical dispensing services for each option, the contractor shall submit a DD Form 250, Material Inspection and Receiving Report, to the Contracting Officer's Representative for acceptance of services. This acceptance of services applies to, if exercised, option CLINs 1001, 1002, 1003, 1004, 1005, 2001, 2002, 2003, 2004, 2005, 3001, 3002, 3003, 3004, 3005, 4001, 4002, 4003, 4004, 4005, 5001, 5002, 5003, 5004, and 5005. The DD 250 constitutes provisional acceptance and does not limit the Government's rights to audit the contractor's records and recover erroneously paid funds.

E.2.2. Upon completion of Phase-In, Information System Certification and Accreditation, Physical and Personnel Security , and Phase-Out activities, the contractor shall submit a DD Form 250, Material Inspection and Receiving Report, to the Contracting Officer's Representative for acceptance of services. This acceptance of services applies to CLINs 0001 and 0002, and if exercised, option CLINs 1007, 1008, 2007, 2008, 3007, 3008, 4007, 4008, 5007, and 5008.

(End of Section E)

SECTION F
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F.1 Section F

F.2 Section F

The contractor shall provide to the Contracting Officer reports required to monitor this contract. Reports will begin the first reporting period after the start of Option Period 1 unless otherwise noted.

F.2.1. Pharmacy Change Report (Ref section C.5.) - A monthly report identifying the name and location of all pharmacies that were added to the network or dropped from the network. The report shall be submitted by the 10th calendar day of each month.

F.2.2. Pharmacy Help Desk (Ref section C.5.) - Standard reports routinely provided to its commercial clients. The report shall be submitted by the 10th calendar day of each month.

F.2.3. Network Access Report (Ref Section C.7.) - The Government shall provide a monthly zip code file listing all eligible beneficiaries. The contractor shall submit a monthly report generated on the 15th calendar day of the month. It shall be submitted to the Government by the 20th calendar day of each month. The report shall use GeoAccess. The report shall include:

F.2.3.1. The total number of beneficiaries in urban areas and the number that live within 2 miles of a TRRx network pharmacy.

F.2.3.2. The total number of beneficiaries in suburban areas and the number that live within 5 miles of a TRRx network pharmacy.

F.2.3.3. The total number of beneficiaries in rural areas and the number that live within 15 miles of a TRRx network pharmacy.

F.2.4. Claims Processing (Ref section C.8.)

F.2.4.1. Standard system availability report, including the average transaction processing time. The report shall be submitted by the 10th calendar day of each month.

F.2.4.2. Standard aging report for paper claims. The report shall be submitted by the 10th calendar day of each month.

F.2.4.3. An annual report of Recoupment Actions summarizing at a minimum, by Government identified actions and by contractor identified actions, the reasons for actions opened, age of open actions, amount of recoupment sought, actions closed, reason for closure, and amount of actual recoupment for actions closed. The report shall be submitted within 30 days of the end of each option period.

F.2.5. Denied Claims (Ref section C.8.) - Standard denied claims reports. The report shall be submitted by the 10th calendar day of each month.

F.2.6. Prior Authorization (Ref section C.13.) - Standard reports, providing at a minimum, all Prior Authorization actions showing approvals and denials, identifying initial denials and denials on appeals. Specific reasons for

SECTION F
DELIVERIES OR PERFORMANCE

denials shall be provided. The report shall be submitted by the 10th calendar day of each month.

F.2.7. Medical Necessity (Ref section C.13.) - Standard reports, providing at a minimum, all Medical Necessity Determination actions showing approvals and denials, identifying initial denials and denials on appeals. Specific reasons for denials shall be provided. The report shall be submitted by the 10th calendar day of each month.

F.2.8. Marketing Materials (Ref section C.20.2.) - All marketing materials developed for the initial mailing to beneficiaries shall be delivered to the Contracting Officer for review 60 calendar days prior to printing. The Government will provide approval/disapproval notices within 30 calendar days of receipt. The initial mailing shall be distributed to beneficiaries 30 to 40 calendar days prior to the start of pharmacy services.

F.2.9. Marketing Update (Ref section C.15.1.) - Monthly updates of pharmacy network changes, educational materials, or other items of interest to the beneficiaries. The update is to be submitted to TMA/C&CS. The first monthly update shall be delivered the 30th calendar day following the initial mailing of marketing information to beneficiaries.

F.2.10. MOU with TMA C&CS (Ref section C.15.2.) - One time report to Contracting Officer, , providing a summary and an executed copy of the contractors MOU with TMA C&CS.

F.2.11. Beneficiary Services (Ref section C.19.) - Standard customer service reports to include written, electronic and telephonic contacts. The report shall be submitted by the 10th calendar day of each month.

F.2.12. Phase-in (Ref section C.20.) - Weekly status report of phase-in activities. The report shall address those items identified as being key to the success of the transition as identified in the phase-in plan. The first report shall be submitted the 20th calendar day after award and reporting shall continue through the 180th calendar day following the start of Option Period 1.

F.2.13. Phase-out (Ref section C.21.) - Weekly status reports of phase-out activities beginning the 30th calendar day following the award of the successor contract until notified by the Contracting Officer to discontinue the report.

F.2.14. Benefit Payment Release Report (Ref Section G.1.1.5.1.) - Daily electronic report submitted to TMA Contract Resource Management Directorate (TMA/CRM) of the payment issued, beginning the first day payments are made to network pharmacies.

F.2.15. Payment Clearing Report (Ref Section G.1.1.5.3.) - No less than monthly electronic report submitted to TMA/CRM listing all payments clearing the bank account. The listing shall include the check number and the dollar amount. The report shall be submitted by the 10th calendar day of each month for the previous month.

F.2.16. Pharmacy Voucher/Bank Reconciliation Report (Ref Section G.1.3.1) - Monthly electronic report submitted to TMA/CRM of the previous month's TED transactions. The report shall be submitted within 30 calendar days following the end of the month being reported.

F.2.17. Accounts Receivable Summary Report (Ref Section G.1.4.1) - Monthly electronic report submitted to TMA, CRM of the previous month's end of month status of recoupments. The report shall be submitted by the second Federal work day of the subsequent month.

SECTION F
DELIVERIES OR PERFORMANCE

F.2.18. The contractor shall electronically submit the following reports to TMA, CRM by the fifth Federal work day of each subsequent month:

F.2.18.1. Accounts Receivable - Amounts Written Off Detail Report

F.2.18.2. Accounts Receivable - Debts Transferred To TMA Detail Report

F.2.18.3. Accounts Receivable - Ending Outstanding Receivables Detail Report

F.2.18.4. These reports shall provide detailed data to support the monthly Accounts Receivable Summary Report. See Figures 1.a, 1.b, and 1.c of Attachment 14, Section J for reporting requirements.

F.3. Period of Performance

Contract Phase-in: Date of Award through May 31, 2004
If exercised, Options 1, 2, 3, 4 and 5 will be:

Option Period 1: June 01, 2004 through May 31, 2005

Option Period 2: June 01, 2005 through May 31, 2006

Option Period 3: June 01, 2006 through May 31, 2007

Option Period 4: June 01, 2007 through May 31, 2008

Option Period 5: June 01, 2008 through May 31, 2009

F.4. Place(s) of Performance

6625 W. 78th St. (1WQM3)
Hennepin County
Minneapolis, MN 55439-2604

3001 Priest Drive
Maricopa County
Tempe, AZ 85282-3492

767 Electronic Drive
Buck County
Horsham, PA 19044-2228

6301 Cecilia Circle
Hennepin County
Minneapolis, MN 55439-2715

13900 Riverport Drive
St. Louis County
Maryland Heights, MO 63043

One Express Way
St. Louis County
St. Louis, MO 63121

(End of Section F)

SECTION G
CONTRACT ADMINISTRATION DATA

G.1 Section G

H.1 Section H
H.1 Section H

Government Furnished Information

H.1.1. The Government will provide a beneficiary zip code file on a monthly basis identifying the number of beneficiaries residing in each zip code.

H.1.2. Connectivity to required DoD Information Technology (IT) systems shall be through the Pharmacy Data Transaction Service (PDS). Data submitted to PDS by the contractor, as specified in the TRRx PDS Interface Control Document (ICD) at Attachment 4, Section J, will be used to generate TRICARE Encounter Data (TED) records. PDS will transmit all TED records to TRICARE Management Activity (TMA). Connectivity to PDS is described in the ICD at Attachment 4, Section J. Physical connectivity will be accomplished via a dedicated high-speed data link, e.g., a T1/T3 line. The Government will install and maintain this line.

H.1.3. The Government will provide Prior Authorization criteria for any pharmaceutical item designated by the Department of Defense (DoD) Pharmacy and Therapeutics (P&T) committee as requiring Prior Authorization. The Government will also provide Medical Necessity Determination criteria for pharmaceuticals determined to be non-formulary items.

H.2. Financial Incentives for Actual Network Reimbursement Costs

H.2.1. The following table, Network Reimbursement Table H-1, contains the "Guaranteed Average Discount Percentage" and "Guaranteed Average Dispensing Fee" proposed by the contractor by Brand and Generic drugs for each respective option period.

NETWORK Reimbursement Table H-1 For Use in Determining Incentives			
Option Period	Type of Rx	Guaranteed Average Discount Percentage	Guaranteed Average Dispensing Fee
1	Brand	(b)(4)	
1	Generic		
2	Brand		
2	Generic		
3	Brand		
3	Generic		
4	Brand		
4	Generic		
5	Brand		
5	Generic		

Note for Network Reimbursement Table H-1

1. Each applicable "Guaranteed Average Discount Percentage" and "Guaranteed Average Dispensing Fee" in this table will be used to calculate incentives as described in Section H.2.

SECTION H
SPECIAL CONTRACT REQUIREMENTS

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H.2.2. Subject to paragraph H.2.5. below, the contractor will earn an incentive if the total actual network reimbursement cost in a contract option period is less than the Total Expected Government Cost for Reimbursement of Network Retail Pharmacy Costs that would have resulted from applying the Guaranteed Average Discount Percentage and the Guaranteed Average Dispensing Fee per prescription to the prescriptions filled in the network during the contract option period. The costs will be calculated by applying the AWP that is in effect at the time the prescription transaction is processed. The cost calculations will include the impact of using the lower of the calculated price or the Usual & Customary price. The incentive will equal 5% of the difference between the actual costs and Government calculated costs, up to the maximum amounts per contract option period listed below.

Contract Option Period	Maximum Incentive
1	(b)(4)
2	
3	
4	
5	

H.2.3. The Government will assess a Negative Incentive if the total actual network reimbursement cost in a contract option period exceeds the Total Expected Government Cost for Reimbursement of Network Pharmacy Costs that would have resulted from applying the Guaranteed Average Discount Percentage and the Guaranteed Average Dispensing Fee Per Prescription to the prescriptions filled in the network during the contract option period. The difference between the actual costs and Government calculated costs will be deducted from future payments to the contractor.

H.2.4. The PDTS will accumulate reimbursement data from all retail network pharmacy transactions. PDTS will be the sole determining source for calculating the payment of an incentive or the assessment of a negative incentive. The Government will provide actual pharmacy reimbursement cost data to the contractor within 30 calendar days of the end of an option period.

H.2.5. To earn the incentive payment referenced in paragraph H.2.2. above, the contractor must meet or exceed the network access standards for a minimum of 11 months during each option period. The contractor must also maintain its network with a minimum of 90% of the pharmacies it originally proposed, throughout the option period.

H.3. SPECIAL PROVISION - PRIVACY OF PROTECTED HEALTH INFORMATION

H.3.1. Definitions. As used in this Provision:

- *Individual* has the same meaning as the term ``individual'' in 45 CFR 164.501 and shall include a person who qualifies as a personal representative in accordance with 45 CFR 164.502(g).
- *Privacy Rule* means the Standards for Privacy of Individually Identifiable Health Information at 45 CFR part 160 and part 164, subparts A and E.
- *Protected Health Information* has the same meaning as the term ``protected health information'' in 45 CFR 164.501, limited to the information created or received by The contractor from or on behalf of The Government.
- *Required by Law* has the same meaning as the term ``required by law'' in 45 CFR 164.501.
- *Secretary* means the Secretary of the Department of Health and Human Services or his/her designee.
- Terms used, but not otherwise defined, in this Provision shall have the same meaning as those terms in 45 CFR 160.103 and 164.501.

SECTION H
SPECIAL CONTRACT REQUIREMENTS

H.3.2. The contractor agrees to not use or further disclose Protected Health Information other than as permitted or required by the Contract or as Required by Law.

H.3.3. The contractor agrees to use appropriate safeguards to prevent use or disclosure of the Protected Health Information other than as provided for by this Contract.

H.3.4. The contractor agrees to mitigate, to the extent practicable, any harmful effect that is known to the contractor of a use or disclosure of Protected Health Information by the contractor in violation of the requirements of this Contract.

H.3.5. The contractor agrees to report to the Government any use or disclosure of the Protected Health Information not provided for by this Contract.

H.3.6. The contractor agrees to ensure that any agent, including a subcontractor, to whom it provides Protected Health Information received from, or created or received by the contractor on behalf of the Government agrees to the same restrictions and conditions that apply through this Contract to the contractor with respect to such information.

H.3.7. The contractor agrees to provide access, at the request of the Government, and in the time and manner designated by the Government to Protected Health Information in a Designated Record Set, to the Government or, as directed by the Government, to an Individual in order to meet the requirements under 45 CFR 164.524.

H.3.8. The contractor agrees to make any amendment(s) to Protected Health Information in a Designated Record Set that the Government directs or agrees to pursuant to 45 CFR 164.526 at the request of the Government or an Individual, and in the time and manner designated by the Government.

H.3.9. The contractor agrees to make internal practices, books, and records relating to the use and disclosure of Protected Health Information received from, or created or received by the contractor on behalf of, the Government, available to the Government, or at the request of the Government to the Secretary, in a time and manner designated by the Government or the Secretary, for purposes of the Secretary determining the Government's compliance with the Privacy Rule.

H.3.10. The contractor agrees to document such disclosures of Protected Health Information and information related to such disclosures as would be required for the Government to respond to a request by an Individual for an accounting of disclosures of Protected Health Information in accordance with 45 CFR 164.528.

H.3.11. The contractor agrees to provide to the Government or an Individual, in time and manner designated by the Government, information collected in accordance with this Provision of the Contract, to permit the Government to respond to a request by an Individual for an accounting of disclosures of Protected Health Information in accordance with 45 CFR 164.528.

H.3.12. General Use and Disclosure Provisions

H.3.12.1. Except as otherwise limited in this Provision, the contractor may use or disclose Protected Health Information on behalf of, or to provide services to, the Government for the following purposes, if such use or disclosure of Protected Health Information would not violate the Privacy Rule or the Department of Defense Health Information Privacy Regulation if done by the Government: For all purposes necessary for performance of this contract.

H.3.13. Specific Use and Disclosure Provisions

H.3.13.1. Except as otherwise limited in this Provision, the contractor may use Protected Health Information for the proper management and administration of the contractor or to carry out the legal responsibilities of the contractor.

SECTION H
SPECIAL CONTRACT REQUIREMENTS

H.3.13.2. Except as otherwise limited in this Provision, the contractor may disclose Protected Health Information for the proper management and administration of the contractor, provided that disclosures are required by law, or the contractor obtains reasonable assurances from the person to whom the information is disclosed that it will remain confidential and used or further disclosed only as required by law or for the purpose for which it was disclosed to the person, and the person notifies the contractor of any instances of which it is aware in which the confidentiality of the information has been breached.

H.3.13.3. Except as otherwise limited in this Provision, the contractor may use Protected Health Information to provide Data Aggregation services to the Government as permitted by 45 CFR 164.504(e)(2)(i)(B).

H.3.13.4. The contractor may use Protected Health Information to report violations of law to appropriate Federal and State authorities, consistent with 45 CFR 164.502(j)(1).

H.3.14. Obligations of the Government

H.3.14.1. Provisions for the Government to Inform the contractor of Privacy Practices and Restrictions

H.3.14.1.1. Upon request the Government shall provide the contractor with the notice of privacy practices that the Government produces in accordance with 45 CFR 164.520, as well as any changes to such notice.

H.3.14.1.2. The Government shall provide the contractor with any changes in, or revocation of, permission by Individual to use or disclose Protected Health Information, if such changes affect the contractor's permitted or required uses and disclosures.

H.3.14.1.3. The Government shall notify the contractor of any restriction to the use or disclosure of Protected Health Information that the Government has agreed to in accordance with 45 CFR 164.522.

H.3.15. Permissible Requests by the Government

H.3.15.1. The Government shall not request the contractor to use or disclose Protected Health Information in any manner that would not be permissible under the Privacy Rule if done by the Government, except for providing Data Aggregation services to the Government and for management and administrative activities of the contractor as otherwise permitted by this Provision.

H.3.16. Termination: A breach by the contractor of this Provision, may subject the contractor to termination under any applicable default or termination provision of this Contract.

H.3.16.1. If this contract has records management requirements, the records subject to the Provision should be handled in accordance with the records management requirements. If this contract does not have records management requirements, the records should be handled in accordance with paragraphs (2) and (3) below.

H.3.16.2. If this contract does not have records management requirements, except as provided in paragraph (3) of this section, upon termination of this Contract, for any reason, the contractor shall return or destroy all Protected Health Information received from the Government, or created or received by the contractor on behalf of the Government. This provision shall apply to Protected Health Information that is in the possession of subcontractors or agents of the contractor. The contractor shall retain no copies of the Protected Health Information.

H.3.16.3. If this contract does not have records management provisions and the contractor determines that returning or destroying the Protected Health Information is infeasible, the contractor shall provide to the Government notification of the conditions that make return or destruction infeasible. Upon mutual agreement of the Government and the contractor that return or destruction

SECTION H
SPECIAL CONTRACT REQUIREMENTS

of Protected Health Information is infeasible, the contractor shall extend the protections of this Contract to such Protected Health Information and limit further uses and disclosures of such Protected Health Information to those purposes that make the return or destruction infeasible, for so long as the contractor maintains such Protected Health Information.

H.3.17. Miscellaneous

H.3.17.1. Regulatory References. A reference in this Provision to a section in the Privacy Rule means the section as in effect or as amended, and for which compliance is required.

H.3.17.2. Survival. The respective rights and obligations of Business Associate under the Termination terms at H.3.15. of this Provision shall survive the termination of this Contract.

H.3.17.3. Interpretation. Any ambiguity in this Provision shall be resolved in favor of a meaning that permits the Government to comply with the Privacy Rule.

H.4. SPECIAL PROVISION - SECURITY OF PROTECTED HEALTH INFORMATION

H.4.1. Definitions. As used in this Provision:

- *Electronic Protected Health Information has the same meaning as the term "electronic protected health information" in 45 CFR 160.103.*
- *Secretary means the Secretary of the Department of Health and Human Services or his/her designee.*
- *Security Rule means the Security Standards for the Protection of Electronic Protected Health Information at 45 CFR part 160 and part 164, subpart C.*
- *Terms used, but not otherwise defined, in this Provision shall have the same meaning as those terms in 45 CFR 160.103, 164.103, and 164.304.*

H.4.2. The contractor agrees to implement administrative, physical, and technical safeguards that reasonably and appropriately protect the confidentiality, integrity and availability of the Electronic Protected Health Information that it creates, receives, maintains, or transmits on behalf of the Government.

H.4.3. The contractor agrees to report to the Government any security incident of which it becomes aware.

H.4.4. The contractor agrees to ensure that any agent, including a subcontractor, to whom it provides Electronic Protected Health Information that it creates, receives, maintains, or transmits on behalf of the Government, agrees to the same restrictions and conditions that apply through this Contract to the contractor with respect to such information.

H.4.5. The contractor agrees to make internal practices, books, and records relating to the security of Electronic Protected Health Information that it creates, receives, maintains, or transmits on behalf of the Government, available to the Government, or at the request of the Government to the Secretary, in a time and manner designated by the Government or the Secretary, for purposes of the Secretary determining the Government's compliance with the Security Rule.

H.4.6. Termination: A breach by the contractor of this Provision, may subject the contractor to termination under any applicable default or termination provision of this Contract.

H.4.7. Miscellaneous

H.4.7.1. Regulatory References. A reference in this Provision to a section in the Security Rule means the section as in effect or as amended, and for which compliance is required.

SECTION H
SPECIAL CONTRACT REQUIREMENTS

H.4.7.2. Interpretation. Any ambiguity in this Provision shall be resolved in favor of a meaning that permits the Government to comply with the Security Rule.

(End of Section H)

**SECTION I
CONTRACT CLAUSES**

I.1 52.232-1 PAYMENTS (APR 1984)
(Reference 32.111)

I.2 Section I

I.1 52.252-2 CLAUSES INCORPORATED BY REFERENCE (FEB 1998)

This contract incorporates one or more clauses by reference, with the same force and effect as if they were given in full text. Upon request, the Contracting Officer will make their full text available. Also, the full text of a clause may be accessed electronically at this/these address(es):
<http://farsite.hill.af.mil/> <http://www.arnet.gov/far/>
(End of clause)

I.2 252.201-7000 CONTRACTING OFFICER'S REPRESENTATIVE (DEC 1991)
(Reference 201.602-70)

I.3 52.202-1 DEFINITIONS (DEC 2001)
(Reference)

I.4 52.203-3 GRATUITIES (APR 1984)
(Reference 3.202)

I.5 52.203-5 COVENANT AGAINST CONTINGENT FEES (APR 1984)
(Reference 3.404)

I.6 52.203-6 RESTRICTIONS ON SUBCONTRACTOR SALES TO THE GOVERNMENT (JUL 1995)
(Reference 3.503-2)

I.7 52.203-7 ANTI-KICKBACK PROCEDURES (JUL 1995)
(Reference 3.502-3)

I.8 52.203-8 CANCELLATION, RESCISSION, AND RECOVERY OF FUNDS FOR ILLEGAL OR IMPROPER ACTIVITY (JAN 1997)
(Reference)

I.9 52.203-10 PRICE OR FEE ADJUSTMENT FOR ILLEGAL OR IMPROPER ACTIVITY (JAN 1997)
(Reference 3.104-9)

I.10 52.203-12 LIMITATION ON PAYMENTS TO INFLUENCE CERTAIN FEDERAL TRANSACTIONS (JUN 2003)
(Reference)

I.11 252.203-7001 PROHIBITION ON PERSONS CONVICTED OF FRAUD OR OTHER DEFENSE-CONTRACT-RELATED FELONIES (MARCH 1999)
(Reference 203.570-5)

I.12 252.203-7002 DISPLAY OF DOD HOTLINE POSTER (DEC 1991)
(Reference 203.7002)

I.13 52.204-4 PRINTED OR COPIED DOUBLE-SIDED ON RECYCLED PAPER (AUG 2000)
(Reference 4.303)

I.14 252.204-7000 DISCLOSURE OF INFORMATION (DEC 1991)
(Reference 204.404-70)

I.15 252.204-7003 CONTROL OF GOVERNMENT PERSONNEL WORK PRODUCT (APR 1992)
(Reference 204.404-70)

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SECTION I
CONTRACT CLAUSES

- I.16 252.204-7004 REQUIRED CENTRAL CONTRACTOR REGISTRATION (NOV 2001)
(Reference 204.7304)
- I.17 252.205-7000 PROVISION OF INFORMATION TO COOPERATIVE AGREEMENT HOLDERS
(DEC 1991)
(Reference 205.470-2)
- I.18 52.209-6 PROTECTING THE GOVERNMENT'S INTEREST WHEN SUBCONTRACTING WITH
CONTRACTORS DEBARRED, SUSPENDED, OR PROPOSED FOR DEBARMENT (JUL 1995)
(Reference 9.409)
- I.19 252.209-7001 DISCLOSURE OF OWNERSHIP OR CONTROL BY THE GOVERNMENT OF A
TERRORIST COUNTRY (MAR 1998)
(Reference 209.104-70)
- I.20 252.209-7002 DISCLOSURE OF OWNERSHIP OR CONTROL BY A FOREIGN GOVERNMENT
(SEP 1994)
(Reference 209.104-70)
- I.21 252.209-7003 {252.209-7003} RESERVED
(Reference 209.104-70)
- I.22 252.209-7004 SUBCONTRACTING WITH FIRMS THAT ARE OWNED OR CONTROLLED BY
THE GOVERNMENT (MAR 1998)
(Reference 209.409)
- I.23 52.211-15 DEFENSE PRIORITY AND ALLOCATION REQUIREMENTS (SEP 1990)
(Reference 11.604)
- I.24 52.215-2 AUDIT AND RECORDS--NEGOTIATION (JUNE 1999)
(Reference 15.209)
- I.25 52.215-8 ORDER OF PRECEDENCE--UNIFORM CONTRACT FORMAT (OCT 1997)
(Reference 15.209)
- I.26 52.215-10 PRICE REDUCTION FOR DEFECTIVE COST OR PRICING DATA (OCT 1997)
(Reference 15.408)
- I.27 52.215-11 PRICE REDUCTION FOR DEFECTIVE COST OR PRICING DATA--
MODIFICATIONS (OCT 1997)
(Reference 15.408)
- I.28 52.215-12 SUBCONTRACTOR COST OR PRICING DATA (OCT 1997)
(Reference 15.408)
- I.29 52.215-13 SUBCONTRACTOR COST OR PRICING DATA--MODIFICATIONS (OCT 1997)
(Reference 15.408)
- I.30 52.215-15 PENSION ADJUSTMENTS AND ASSET REVERSIONS (DEC 1998)
(Reference 15.408)
- I.31 52.215-18 REVERSION OR ADJUSTMENT OF PLANS FOR POSTRETIREMENT BENEFITS
(PRB) OTHER THAN PENSIONS (OCT 1997)
(Reference)
- I.32 52.215-21 REQUIREMENTS FOR COST OR PRICING DATA OR INFORMATION OTHER THAN
COST OR PRICING DATA--MODIFICATIONS (OCT 1997)
(Reference 15.408)
- I.33 252.215-7000 PRICING ADJUSTMENTS (DEC 1991)
(Reference 215.408)

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SECTION I
CONTRACT CLAUSES

I.34 52.216-18 ORDERING (OCT 1995)
(Reference 16.506)

I.35 52.219-8 UTILIZATION OF SMALL BUSINESS CONCERNS (OCT 2000)
(Reference 19.708)

Begin Mod P00135

FROM:

I.36 52.219-9 II SMALL BUSINESS SUBCONTRACTING PLAN (JAN 2002)--ALTERNATE II
(OCT 2001)

TO:

I.36. 52.219-9 SMALL BUSINESS SUBCONTRACTING PLAN (APR 2008)--ALTERNATE II (OCT
2001) (Reference 19.708(b))

End Mod P00135

I.37 52.219-16 LIQUIDATED DAMAGES--SUBCONTRACTING PLAN (JAN 1999)
(Reference 19.708)

I.38 252.219-7003 SMALL, SMALL DISADVANTAGED AND WOMEN-OWNED SMALL BUSINESS
SUBCONTRACTING PLAN (DOD CONTRACTS) (APR 1996)
(Reference 219.708)

I.39 52.222-1 NOTICE TO THE GOVERNMENT OF LABOR DISPUTES (FEB 1997)
(Reference 22.103-5)

I.40 52.222-3 CONVICT LABOR (JUNE 2003)
(Reference)

I.41 52.222-21 PROHIBITION OF SEGREGATED FACILITIES (FEB 1999)
(Reference 22.810)

I.42 52.222-26 EQUAL OPPORTUNITY (APR 2002)
(Reference)

I.43 52.222-35 52.222-35 Equal Opportunity for Special Disabled Veterans,
Veterans of the Vietnam Era, and Other Eligible Veterans. [Dec 2001]
(Reference)

I.44 52.222-36 AFFIRMATIVE ACTION FOR WORKERS WITH DISABILITIES (JUN 1998)
(Reference 22.1408)

I.45 52.222-37 EMPLOYMENT REPORTS ON SPECIAL DISABLED VETERANS, VETERANS OF
THE VIETNAM ERA, AND OTHER ELIGIBLE VETERANS (DEC 2001)
(Reference)

I.46 52.223-6 DRUG-FREE WORKPLACE (MAY 2001)
(Reference)

I.47 52.223-14 TOXIC CHEMICAL RELEASE REPORTING (JUNE 2003)
(Reference)

I.48 52.224-1 PRIVACY ACT NOTIFICATION (APR 1984)
(Reference 24.104)

I.49 52.224-2 PRIVACY ACT (APR 1984)
(Reference 24.104)

I.50 52.225-13 RESTRICTIONS ON CERTAIN FOREIGN PURCHASES (JUNE 2003)
(Reference)

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CONTRACT CLAUSES

- I.51 252.225-7031 SECONDARY ARAB BOYCOTT OF ISRAEL (Apr 2003)
(Reference)
- I.52 52.227-1 AUTHORIZATION AND CONSENT (JUL 1995)
(Reference 27.201-2)
- I.53 52.227-14 RIGHTS IN DATA--GENERAL (JUN 1987)
(Reference 27.409)
- I.54 52.227-17 RIGHTS IN DATA--SPECIAL WORKS (JUN 1987)
(Reference 27.409)
- I.55 52.229-3 FEDERAL, STATE, AND LOCAL TAXES (April 2003)
(Reference)
- I.56 52.230-2 COST ACCOUNTING STANDARDS (APR 1998)
(Reference 30.201-4)
- I.57 52.230-6 ADMINISTRATION OF COST ACCOUNTING STANDARDS (NOV 1999)
(Reference 30.201-4)
- I.58 252.231-7000 SUPPLEMENTAL COST PRINCIPLES (DEC 1991)
(Reference 231.100-70)
- I.59 52.232-1 PAYMENTS (APR 1984)
(Reference 32.111)
- I.60 52.232-8 DISCOUNTS FOR PROMPT PAYMENT (FEB 2002)
(Reference)
- I.61 52.232-11 EXTRAS (APR 1984)
(Reference 32.111)
- I.62 52.232-17 INTEREST (JUNE 1996)
(Reference 32.617)
- I.63 52.232-18 AVAILABILITY OF FUNDS (APR 1984)
(Reference)
- I.64 52.232-23 ASSIGNMENT OF CLAIMS (JAN 1986)
(Reference 32.806)
- I.65 52.232-25 PROMPT PAYMENT (FEB 2002)
(Reference)
- I.66 52.232-33 PAYMENT BY ELECTRONIC FUNDS TRANSFER--CENTRAL CONTRACTOR
REGISTRATION (MAY 1999)
(Reference)
- I.67 52.232-37 MULTIPLE PAYMENT ARRANGEMENTS (MAY 1999)
(Reference 32.1110)
- I.68 52.233-1 I DISPUTES (JUL 2002)--ALTERNATE I (DEC 1991)
(Reference)
- I.69 52.233-3 PROTEST AFTER AWARD (AUG 1996)
(Reference 33.106)
- I.70 52.237-3 CONTINUITY OF SERVICES (JAN 1991)
(Reference 37.110)

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CONTRACT CLAUSES

I.71 52.239-1 PRIVACY OR SECURITY SAFEGUARDS (AUG 1996)

(Reference 39.107)

I.72 52.242-13 BANKRUPTCY (JUL 1995)

(Reference 42.903)

I.73 252.242-7000 POSTAWARD CONFERENCE (DEC 1991)

(Reference 242.570)

I.74 52.243-1 I CHANGES--FIXED-PRICE (AUG 1987)--ALTERNATE I (APR 1984)

(Reference 43.205)

I.75 52.243-6 CHANGE ORDER ACCOUNTING (APR 1984)

(Reference 43.205)

I.76 52.243-7 NOTIFICATION OF CHANGES (APR 1984)

(Reference 43.107)

I.77 252.243-7001 PRICING OF CONTRACT MODIFICATIONS (DEC 1991)

(Reference 243.205-70)

I.78 252.243-7002 REQUESTS FOR EQUITABLE ADJUSTMENT (MAR 1998)

(Reference 243.205-71)

I.79 52.244-2 SUBCONTRACTS (AUG 1998)

(Reference 44.204)

I.80 52.244-5 COMPETITION IN SUBCONTRACTING (DEC 1996)

(Reference 44.204)

I.81 52.246-25 LIMITATION OF LIABILITY--SERVICES (FEB 1997)

(Reference 46.805)

I.82 52.248-1 VALUE ENGINEERING (FEB 2000)

(Reference 48.201)

I.83 52.249-2 TERMINATION FOR CONVENIENCE OF THE GOVERNMENT (FIXED-PRICE) (SEP 1996)

(Reference 49.502)

I.84 52.249-8 DEFAULT (FIXED-PRICE SUPPLY AND SERVICE) (APR 1984)

(Reference 49.504)

I.85 52.253-1 COMPUTER GENERATED FORMS (JAN 1991)

(Reference 53-111)

I.86 52.210-9000 AVAILABILITY OF DOCUMENTS (DECEMBER 2000)

AVAILABILITY OF DOCUMENTS (DECEMBER 2000) All pertinent documents and attachments which do not accompany the solicitation but are incorporated by reference may be obtained upon written request to, or examined in, the Contract Management Directorate, Contract Acquisition Branch, Aurora, Colorado. Telephone: (303) 676-3420 Facsimile: (303) 676-3987 (End of Provision)

I.87 52.210-9001 AVAILABILITY OF REGULATIONS (DECEMBER 2000)

AVAILABILITY OF REGULATIONS (DECEMBER 2000) Copies of the Federal Acquisition Regulation (FAR) and the Department of Defense FAR Supplement (DFARS) may be purchased from the Superintendent of Documents, Government Printing Office (GPO), Washington, DC 20402 or viewed on the Worldwide Web at <http://www.arnet.gov/far/> (GSA FAR) or <http://www.farsite.hill.af.mil/> (Air Force FAR Site). (End of Provision)

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I.88 52.219-9000 SUBMISSION OF SUBCONTRACTING PLAN (DECEMBER 2000)

SUBMISSION OF SUBCONTRACTING PLAN (DECEMBER 2000) (a) This provision is not applicable to small business concerns. (b) The offeror shall submit a subcontracting plan which meets the requirements of FAR 19.704(a). The subcontracting plan shall be submitted with the offeror's business proposal. (End of Provision)

I.89 52.215-17 WAIVER OF FACILITIES CAPITAL COST OF MONEY (OCT 1997)

The Contractor did not include facilities capital cost of money as a proposed cost of this contract. Therefore, it is an unallowable cost under this contract.

(End of clause)

I.90 52.215-19 NOTIFICATION OF OWNERSHIP CHANGES (OCT 1997)

(a) The Contractor shall make the following notifications in writing:

(1) When the Contractor becomes aware that a change in its ownership has occurred, or is certain to occur, that could result in changes in the valuation of its capitalized assets in the accounting records, the Contractor shall notify the Administrative Contracting Officer (ACO) within 30 days.

(2) The Contractor shall also notify the ACO within 30 days whenever changes to asset valuations or any other cost changes have occurred or are certain to occur as a result of a change in ownership.

(b) The Contractor shall--

(1) Maintain current, accurate, and complete inventory records of assets and their costs;

(2) Provide the ACO or designated representative ready access to the records upon request;

(3) Ensure that all individual and grouped assets, their capitalized values, accumulated depreciation or amortization, and remaining useful lives are identified accurately before and after each of the Contractor's ownership changes; and

(4) Retain and continue to maintain depreciation and amortization schedules based on the asset records maintained before each Contractor ownership change.

(c) The Contractor shall include the substance of this clause in all subcontracts under this contract that meet the applicability requirement of FAR 15.408(k).

(End of clause)

I.91 52.216-21 REQUIREMENTS (OCT 1995)

(a) This is a requirements contract for the supplies or services specified, and effective for the period stated, in the Schedule. The quantities of supplies or services specified in the Schedule are estimates only and are not purchased by this contract. Except as this contract may otherwise provide, if the Government's requirements do not result in orders in the quantities described as "estimated" or "maximum" in the Schedule, that fact shall not constitute the basis for an equitable price adjustment.

(b) Delivery or performance shall be made only as authorized by orders issued in accordance with the Ordering clause. Subject to any limitations in the Order Limitations clause or elsewhere in this contract, the Contractor shall furnish to the Government all supplies or services specified in the Schedule and called for by orders issued in accordance with the Ordering clause. The Government may issue orders requiring delivery to multiple destinations or performance at multiple locations.

(c) Except as this contract otherwise provides, the Government shall order from the Contractor all the supplies or services specified in the Schedule that

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are required to be purchased by the Government activity or activities specified in the Schedule.

(d) The Government is not required to purchase from the Contractor requirements in excess of any limit on total orders under this contract.

(e) If the Government urgently requires delivery of any quantity of an item before the earliest date that delivery may be specified under this contract, and if the Contractor will not accept an order providing for the accelerated delivery, the Government may acquire the urgently required goods or services from another source.

(f) Any order issued during the effective period of this contract and not completed within that period shall be completed by the Contractor within the time specified in the order. The contract shall govern the Contractor's and Government's rights and obligations with respect to that order to the same extent as if the order were completed during the contract's effective period; provided, that the Contractor shall not be required to make any deliveries under this contract after September 30, 2009

(End of clause)

I.92 52.217-8 OPTION TO EXTEND SERVICES (NOV 1999)

The Government may require continued performance of any services within the limits and at the rates specified in the contract. These rates may be adjusted only as a result of revisions to prevailing labor rates provided by the Secretary of Labor. The option provision may be exercised more than once, but the total extension of performance hereunder shall not exceed 6 months. The Contracting Officer may exercise the option by written notice to the Contractor within 120 days.

(End of clause)

I.93 52.217-9 OPTION TO EXTEND THE TERM OF THE CONTRACT (MAR 2000)

(a) The Government may extend the term of this contract by written notice to the Contractor within 1 day of expiration of the contract provided that the Government gives the Contractor a preliminary written notice of its intent to extend at least 60 days before the contract expires. The preliminary notice does not commit the Government to an extension.

(b) If the Government exercises this option, the extended contract shall be considered to include this option clause.

(c) The total duration of this contract, including the exercise of any options under this clause, shall not exceed 72 months.

(End of clause)

I.94 52.232-19 AVAILABILITY OF FUNDS FOR THE NEXT FISCAL YEAR (APR 1984)

Funds are not presently available for performance under this contract beyond September 30, 2008(FY 09). The Government's obligation for performance of this contract beyond that date is contingent upon the availability of appropriated funds from which payment for contract purposes can be made. No legal liability on the part of the Government for any payment may arise for performance under this contract beyond September 30, 2008, until funds are made available to the Contracting Officer for performance and until the Contractor receives notice of availability, to be confirmed in writing by the Contracting Officer.

(End of clause)

I.95 52.237-7 INDEMNIFICATION AND MEDICAL LIABILITY INSURANCE (JAN 1997)

(a) It is expressly agreed and understood that this is a nonpersonal services contract, as defined in Federal Acquisition Regulation (FAR) 37.101, under which the professional services rendered by the Contractor are rendered in its capacity as an independent contractor. The Government may evaluate the quality of professional and administrative services provided, but retains no control

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over professional aspects of the services rendered, including by example, the Contractor's professional medical judgment, diagnosis, or specific medical treatments. The Contractor shall be solely liable for and expressly agrees to indemnify the Government with respect to any liability producing acts or omissions by it or by its employees or agents. The Contractor shall maintain during the term of this contract liability insurance issued by a responsible insurance carrier of not less than the following amount(s) per specialty per occurrence: \$1,000,000.

(b) An apparently successful offeror, upon request by the Contracting Officer, shall furnish prior to contract award evidence of its insurability concerning the medical liability insurance required by paragraph (a) of this clause.

(c) Liability insurance may be on either an occurrences basis or on a claims-made basis. If the policy is on a claims-made basis, an extended reporting endorsement (tail) for a period of not less than 3 years after the end of the contract term must also be provided.

(d) Evidence of insurance documenting the required coverage for each health care provider who will perform under this contract shall be provided to the Contracting Officer prior to the commencement of services under this contract. If the insurance is on a claims-made basis and evidence of an extended reporting endorsement is not provided prior to the commencement of services, evidence of such endorsement shall be provided to the Contracting Officer prior to the expiration of this contract. Final payment under this contract shall be withheld until evidence of the extended reporting endorsement is provided to the Contracting Officer.

(e) The policies evidencing required insurance shall also contain an endorsement to the effect that any cancellation or material change adversely affecting the Government's interest shall not be effective until 30 days after the insurer or the Contractor gives written notice to the Contracting Officer. If, during the performance period of the contract the Contractor changes insurance providers, the Contractor must provide evidence that the Government will be indemnified to the limits specified in paragraph (a) of this clause, for the entire period of the contract, either under the new policy, or a combination of old and new policies.

(f) The Contractor shall insert the substance of this clause, including this paragraph (f), in all subcontracts under this contract for health care services and shall require such subcontractors to provide evidence of and maintain insurance in accordance with paragraph (a) of this clause. At least 5 days before the commencement of work by any subcontractor, the Contractor shall furnish to the Contracting Officer evidence of such insurance.

(End of clause)

I.96 52.244-6 SUBCONTRACTS FOR COMMERCIAL ITEMS (Apr. 2003)

(a) Definitions. As used in this clause--

"Commercial item" has the meaning contained in the clause at 52.202-1, Definitions.

"Subcontract" includes a transfer of commercial items between divisions, subsidiaries, or affiliates of the Contractor or subcontractor at any tier.

(b) To the maximum extent practicable, the Contractor shall incorporate, and require its subcontractors at all tiers to incorporate, commercial items or nondevelopmental items as components of items to be supplied under this contract.

(c)(1) The Contractor shall insert the following clauses in subcontracts for commercial items:

(i) 52.219-8, Utilization of Small Business Concerns (OCT 2000) (15 U.S.C. 637(d)(2) and (3)), in all subcontracts that offer further subcontracting opportunities. If the subcontract (except subcontracts to small business concerns) exceeds \$500,000 (\$1,000,000 for construction of any public facility), the subcontractor must include 52.219-8 in lower tier subcontracts that offer subcontracting opportunities.

(ii) 52.222-26, Equal Opportunity (Apr 2002) (E.O. 11246).

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(iii) 52.222-35, Equal Opportunity for Special Disabled Veterans, Veterans of the Vietnam Era, and Other Eligible Veterans (Dec 2001) (38 U.S.C. 4212(a));

(iv) 52.222-36, Affirmative Action for Workers with Disabilities (JUN 1998) (29 U.S.C. 793).

(v) 52.247-64, Preference for Privately Owned U.S.-Flag Commercial Vessels (APR 2003) (46 U.S.C. Appx 1241 and U.S.C. 2631) (flow down required in accordance with paragraph (d) of FAR clause 52.247-64).

(2) While not required, the Contractor may flow down to subcontracts for commercial items a minimal number of additional clauses necessary to satisfy its contractual obligations.

(d) The Contractor shall include the terms of this clause, including this paragraph (d), in subcontracts awarded under this contract.

(End of clause)

I.97 52.252-6 AUTHORIZED DEVIATIONS IN CLAUSES (APR 1984)

(a) The use in this solicitation or contract of any Federal Acquisition Regulation (48 CFR Chapter 1) clause with an authorized deviation is indicated by the addition of "(DEVIATION)" after the date of the clause.

(b) The use in this solicitation or contract of any Defense Federal Acquisition Regulation Supplement (48 CFR 2) clause with an authorized deviation is indicated by the addition of "(DEVIATION)" after the name of the regulation.

(End of clause)

(Start of Mod/P00046)

I.98 252.232-7010 LEVIES ON CONTRACT PAYMENTS (SEP 2005)

(Reference 232.7102)

(a) 26 U.S.C. 6331(h) authorizes the Internal Revenue Service (IRS) to continuously levy up to 100 percent of contract payments, up to the amount of tax debt.

(b) When a levy is imposed on a payment under this contract and the levy will jeopardize contract performance, the Contractor shall promptly notify the Procuring Contracting Officer and provide—

(1) The total dollar amount of the levy;

(2) A statement that the levy will jeopardize contract performance, including rationale and adequate supporting documentation; and

(3) Advice as to whether the inability to perform may adversely affect national security, including rationale and adequate supporting documentation.

(c) DoD shall promptly review the Contractor's assessment and provide a notification to the Contractor including—

(1) A statement as to whether DoD agrees that the levy jeopardizes contract performance; and

(2) If the levy jeopardizes contract performance and the lack of performance will adversely affect national security, the total amount of the monies collected that should be returned to the Contractor; or

(3) If the levy jeopardizes contract performance but will not impact national security, a recommendation that the Contractor promptly notify the IRS to attempt to resolve the tax situation.

(d) Any DoD determination under this clause is not subject to appeal under the Contract Disputes Act.

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(End of Mod/P00046)

(End of clause)

(End of Section I)

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SECTION J
LIST OF ATTACHMENTS

J.1 Section J

SECTION J
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J.1 Attachments

1. - TRICARE Policy Manual 6010.54-M (TPM), August, 2002, **Change 92**
2. - Definitions
3. - Claims Adjustments and Recoupment dated January, 2007
4. - [TRRx PDTS Interface Control Document \(ICD\)](#)
5. - TRICARE Systems Manual 7950.1-M (TSM), dated August, 2002, **Change 69**
(Not to Include TSM Change 50)
6. - Privacy and Release of Information
7. - DoD Information Assurance Vulnerability Alert (IAVA), 30 December 1999
8. - ISA IAVA Process Handbook, Version 2.1, 11 June 2002
9. - Military Health System (MHS) DITSCAP Checklist
10. - Physical Security Audit Matrix
11. - Program Integrity, dated January, 2007
12. - Appeals and Hearings
13. - Records Management
14. - Resource Management (RM) Report Formats, dated January, 2007
15. - TRRx Surveillance Plan
16. - TRICARE Reimbursement Manual 6010.55-M (TRM), August 2002, **Change 90**
17. - Standard Unique Health Identifier for Health Care Providers Final Rule

J.2. Management Plans

The following contractor Management Plans, as contained in its proposal dated June 09, 2003 are hereby incorporated:

1. - Quality Assurance Plan (19 Pages)
2. - Disaster Recovery Plan (4 Pages)
3. - Phase-in Plan (8 Pages)
4. - Small Business Subcontracting Plan, dated 3 Mar 04