The FELRA and UFCW VEBA FUND **November 26, 2018**

PROPOSED STATEMENT OF WORK

The objective of this statement of work is to outline the proposed scope of services for The FELRA and UFCW VEBA FUND ("Fund") and the compensation for performing these services.

Scope of Services: PBM Procurement for 2020 to 2023 Contract Term

- Project Management, including task coordination with existing and proposed vendors and the Fund.
- Project communications between the Fund and Confidio team members, as well as with current and prospective vendors engaged with the procurement process.
- Design a customized RFP questionnaire, scoring tools and a PBM report card with measurement criteria and outcomes that align with the Fund's goals and objectives.
- Integrate transparency, audit and risk management features in all applicable areas of the bidding and contract negotiations processes.
- Negotiate a Pharmacy Management Fund that the Fund can use to offset management expenses.
- Develop Requirements to guide bidders in designing unique pricing, programs and services customized for the Fund; these Requirements will be memorialized in a fully auditable, transparent services agreement between the winning vendor(s) and the Fund.
- Require vendor accountability for proposed and agreed upon services and pricing, with annual measurement and reconciliation of actual performance against binding financial and operational guarantees that survive the term of the agreement.
- Solicit written responses from qualified, competitive PBM vendors.
- Interpret, analyze, score and report the results for each phase of the procurement process.
- Facilitate finalist presentations and/or site visits of selected PBM vendors.
- Provide guidance and recommendations to the Fund on industry best practices, vendor management strategies and negotiation tactics to achieve best value in contracted PBM services.
- Negotiate financial, service, measurement and reporting, term and termination provisions of the services agreement.
- Quantify the relative value and annualized cost of proposed vs. current services to the Fund and its constituencies.

Assumptions

- Solicit up to four (4) full service PBM vendors
- Two (2) finalists selected for presentations and/or site visits (including incumbents)
- One (1) vendor will be awarded the contract
- Confidio will facilitate contract negotiations with 1 PBM vendor

Data Requirements [Confidio responsible for request, validation of all data]

- De-identifiable paid claims history for the most recent 12-month period in standard format
- NDC-11 level formulary files
- Detailed clinical/utilization management program descriptions by group.
  - For each DUR/UM Program, indication of:
    - NDC/GCN/GPI of drugs:
    - Targeted for intervention
    - Drugs that are preferred
    - Clinical criteria for overrides or authorization
    - Grandfathering or grace fill periods that apply to each program (if any)
    - Member, prescriber or pharmacy notifications required per program
- Eligibility data with flag or unique identifier(s) used to isolate claims, membership and plan designs.
- Census data by coverage type/line of business

Timing

Confidio will commence with this project within 10 business days of verbal approval from the Fund (or their designee).

Project Timeline (Draft for illustrative purposes only; final dates subject to agreement by the Fund.)

Steps	Action Item	Start Date	End Date
1	**Project Strategy**	January 8, 2019	February 7, 2019
2	**Claims Data Collection**	January 8, 2019	February 7, 2019
3	**RFP Development**	February 8, 2019	March 1, 2019
4	**Release RFP to Market (Bidder Solicitation)**	March 4, 2019	March 22, 2019
5	**RFP Analyses**	March 25, 2019	April 8, 2019
6	**Finalist Selections, Visits, BAFOs**	April 15, 2019	April 26, 2019
7	**Vendor Selection and Contract Negotiations**	May 6, 2019	August 2, 2019
8	**Implementation (As Needed)**	September 2, 2019	December 31, 2019

Project Fees

Deliverable	Fees
RFP Development, Evaluation, Vendor Selection and Contract Negotiation	$59,700

Note: Confidio will request an Implementation Credit/Renewal Credit from PBM Bidders, which can be used to offset third-party program management fees, including reasonable expenses resulting from this procurement. It's reasonable to assume Bidders will offer credits in the range of $25,000 - $60,000. Confidio's project fees are an eligible expense.