

CONTRACTOR NAME: _____ **SUBMISSION DATE:** _____

SUBCONTRACTOR NAME: _____

INSTRUCTIONS: The Contractor shall complete column (B), identifying where in the Administrative Services Subcontract or Management Services Agreement (MSA) each requirement is found. If the requirement is not applicable, indicate N/A in column (B). For an item that requires explanation, add the comments in column (C). AHCCCS staff will complete columns (D) and (E) and will contact the Contractor if additional information is needed. Submit the completed Administrative Services Subcontract Checklist sheet with the Administrative Services Subcontract or MSA to AHCCCS as specified in Contract.

ITEM NUMBER	(A) REQUIREMENTS	CONTRACTOR (B) PAGE NUMBER AND LOCATION	CONTRACTOR (C) CONTRACTOR COMMENTS (INCLUDE being <i>explanation</i> EXPLANATION IF N/A IN COLUMN B)	AHCCCS (D) COMPLIANT Y/N	AHCCCS (E) FOLLOW-UP REQUIRED
1.	The Subcontract contains a plan for the Contractor to evaluate the prospective subcontractor’s ability to perform the delegated duties and addresses this evaluation in the submission to AHCCCS. Only Applicable to Non- Health Plan Accredited Contractors; Deemed for National Committee for Quality Assurance (NCQA) Health Plan Accredited Contractors and NCQA Accredited Subcontractor (Vendor) . ²				
2.	The Subcontract specifies the activities, obligations, and reporting responsibilities delegated to the subcontractor.				

¹ Added for additional information if Contractor feels the checklist item is not applicable

² AHCCCS is reinstating oversight of the Sub-contractor; removing reference to National Committee for Quality Assurance (NCQA) (Vendor) throughout this document.

ITEM NUMBER	(A) REQUIREMENTS	CONTRACTOR (B) PAGE NUMBER AND LOCATION	CONTRACTOR (C) CONTRACTOR COMMENTS (INCLUDE eHNG explanation EXPLANATION IF N/A IN COLUMN B)	AHCCCS (D) COMPLIANT Y/N	AHCCCS (E) FOLLOW-UP REQUIRED
	Only Applicable to Non- Health Plan Accredited Contractors; Deemed for NCQA Health Plan Accredited Contractors and NCQA Accredited Subcontractor (Vendor).				
3.	The Subcontract contains a plan to monitor the subcontractor’s performance on an ongoing basis and subject it to formal review according to a periodic schedule approved by AHCCCS. Only Applicable to Non- Health Plan Accredited Contractors; Deemed for NCQA Health Plan Accredited Contractors and NCQA Accredited Subcontractor (Vendor).				
4.	The Subcontract provides for the communication of performance reviews and Corrective Action Plans (CAP)s to the subcontractor. Only Applicable to Non- Health Plan Accredited Contractors; Deemed for NCQA Health Plan Accredited Contractors and NCQA Accredited Subcontractor (Vendor).				
5.	The Subcontract provides for revoking delegation or imposing other sanctions if the subcontractor’s performance is not adequate. Only Applicable to Non- Health Plan Accredited Contractors; Deemed for NCQA Health Plan Accredited Contractors and NCQA Accredited Subcontractor (Vendor).				

ITEM NUMBER	(A) REQUIREMENTS	CONTRACTOR (B) PAGE NUMBER AND LOCATION	CONTRACTOR (C) CONTRACTOR COMMENTS (INCLUDE <i>eNIG</i> <i>explanation</i> IF N/A IN COLUMN B)	AHCCCS (D) COMPLIANT Y/N	AHCCCS (E) FOLLOW-UP REQUIRED
6.	The Subcontract specifies that the Contractor's local Chief Executive Officer (CEO) retains the authority to direct and prioritize any delegated contract requirements.				
7.	The Subcontract incorporates by reference the terms and conditions of the AHCCCS Medicaid Contract .				
8.	The Subcontract references and requires compliance with the AHCCCS Minimum Subcontract Provisions (MSPs).				
9.	The Subcontract requires that all member communications furnished by the subcontractor include the Contractor's name. Not required for Credentialing Subcontracting.				
10.	The Subcontract requires that the Subcontractor develops and maintains a Continuity of Operations and Recovery Plan.				
11.	The Subcontract contains the following:				
	a. Full disclosure of the method and amount of compensation or other consideration to be received by the subcontractor.				

ITEM NUMBER	(A) REQUIREMENTS	CONTRACTOR (B) PAGE NUMBER AND LOCATION	CONTRACTOR (C) CONTRACTOR COMMENTS (INCLUDE ENG EXPLANATION IF N/A IN COLUMN B)	AHCCCS (D) COMPLIANT Y/N	AHCCCS (E) FOLLOW-UP REQUIRED
	<p>b. Identification of the name and address of the subcontractor.</p> <p>Only Applicable to Non- Health Plan Accredited Contractors; Deemed for NCQA Health Plan Accredited Contractors and NCQA Accredited Subcontractor (Vendor).</p>				
	<p>c. Identification of the population, to include member capacity, to be covered by the subcontractor.</p> <p>Not required for Credentialing Subcontracting.</p> <p>Only Applicable to Non- Health Plan Accredited Contractors; Deemed for NCQA Health Plan Accredited Contractors and NCQA Accredited Subcontractor (Vendor).</p>				
	<p>d. The amount, duration, and scope of medical services to be provided, and for which compensation will be paid.</p> <p>Not required for Credentialing Subcontracting.</p> <p>Only Applicable to Non- Health Plan Accredited Contractors; Deemed for NCQA Health Plan Accredited Contractors and NCQA Accredited Subcontractor (Vendor).</p>				

ITEM NUMBER	(A) REQUIREMENTS	CONTRACTOR (B) PAGE NUMBER AND LOCATION	CONTRACTOR (C) CONTRACTOR COMMENTS (INCLUDE e-NG explanation EXPLANATION ³ IF N/A IN COLUMN B)	AHCCCS (D) COMPLIANT Y/N	AHCCCS (E) FOLLOW-UP REQUIRED
	<p><u>e.</u> The term of the subcontract, including beginning and ending dates, methods of extension, termination, and re-negotiation.</p> <p><u>Only Applicable to Non- Health Plan Accredited Contractors; Deemed for NCQA Health Plan Accredited Contractors.</u>³</p>				
	<p><u>e.f.</u> A provision that the subcontractor agrees to perform the delegated activities and reporting responsibilities specified in compliance with the Contractor's contract obligations.</p> <p>Only Applicable to Non- Health Plan Accredited Contractors; Deemed for NCQA Health Plan Accredited Contractors and NCQA Accredited Subcontractor (Vendor).</p>				
	<p><u>f.g.</u> The specific duties of the subcontractor related to coordination of benefits and determination of third-party liability for all members. Not required for Credentialing Subcontracting.</p>				
	<p><u>g.h.</u> The specific duties of the subcontractor relating to coordination of care for all members. Not required for Credentialing Subcontracting.</p>				

³ Adding to the checklist to ensure that the term of the subcontract includes a beginning and end date, method of extension, termination, and re-negotiation.

ITEM NUMBER	(A) REQUIREMENTS	CONTRACTOR (B) PAGE NUMBER AND LOCATION	CONTRACTOR (C) CONTRACTOR COMMENTS (INCLUDE ING <i>explanation</i> EXPLANATION IF N/A IN COLUMN B)	AHCCCS (D) COMPLIANT Y/N	AHCCCS (E) FOLLOW-UP REQUIRED
	<u>h.i.</u> A description of the subcontractor's record keeping, patient medical, dental, and cost record keeping system. <u>Not required for Credentialing Subcontractors⁴.</u>				
	<u>i.i.</u> Specification that the subcontractor shall cooperate with quality assurance programs and comply with the utilization control and review procedures specified in 42 CFR Part 456, <u>and</u> as specified in the AMPM Chapter 900 and 1000. Not required for Credentialing Subcontracting.				
	<u>j.k.</u> A provision stating that a change in organizational structure (as specified in ACOM Policy 438) of a subcontract shall require a contract amendment.				
	<u>k.l.</u> A provision stating that if a change in organizational structure is related to a Contractor's Management Service Agreement (MSA) prior approval by AHCCCS is required. (As specified in ACOM Policy 438).				
	<u>m.</u> A provision that indicates that AHCCCS is responsible for enrollment, re-enrollment, and disenrollment of the covered population. - Not required for Credentialing Subcontracting.				

⁴ Adding for clarity that record keeping is not required for Credentialing Subcontract.

ITEM NUMBER	(A) REQUIREMENTS	CONTRACTOR (B) PAGE NUMBER AND LOCATION	CONTRACTOR (C) CONTRACTOR COMMENTS (INCLUDE ING <i>explanation</i> EXPLANATION IF N/A IN COLUMN B)	AHCCCS (D) COMPLIANT Y/N	AHCCCS (E) FOLLOW-UP REQUIRED
	<p>h.n. A provision that the subcontractor shall be fully responsible for all tax obligations, Worker’s Compensation Insurance, and all other applicable insurance coverage obligations which arise under this subcontract, for itself and its employees, and that AHCCCS shall have no responsibility or liability for any such taxes or insurance coverage.</p>				
	<p>m.o. A provision that the subcontractor shall obtain any necessary authorization from the Contractor or AHCCCS for services provided to eligible and/or enrolled members. Not required for Credentialing Subcontracting.</p>				
	<p>n.p. A provision that the subcontractor shall comply with encounter reporting and claims submission requirements as described in the subcontract. Not required for Credentialing Subcontracting.</p>				
	<p>o.g. Provision(s) that allows the Contractor to suspend, deny, refuse to renew, or terminate any subcontractor in accordance with the terms of the AHCCCS Medicaid contract and applicable law and regulation, including an immediate termination clause in the event of a risk to member health or safety.</p>				

ITEM NUMBER	(A) REQUIREMENTS	CONTRACTOR (B) PAGE NUMBER AND LOCATION	CONTRACTOR (C) CONTRACTOR COMMENTS (INCLUDE eNIG explanation EXPLANATION IF N/A IN COLUMN B)	AHCCCS (D) COMPLIANT Y/N	AHCCCS (E) FOLLOW-UP REQUIRED
	<p>p.r. The subcontract shall either provide for revocation of the delegation of activities or obligations or specify other remedies in instances where AHCCCS or the Contractor determines that the subcontractor has not performed satisfactorily.</p> <p>Only Applicable to Non- Health Plan Accredited Contractors; Deemed for NCQA Health Plan Accredited Contractors, and NCQA Accredited Subcontractor (Vendor).</p>				
	<p>q.s. A provision that the subcontractor may provide the member with factual information but is prohibited from recommending or steering a member in the member's selection of a Contractor. Not required for Credentialing Subcontracting.</p> <p>Only Applicable to Non- Health Plan Accredited Contractors; Deemed for NCQA Health Plan Accredited Contractors, and NCQA Accredited Subcontractor (Vendor).</p>				

ITEM NUMBER	(A) REQUIREMENTS	CONTRACTOR (B) PAGE NUMBER AND LOCATION	CONTRACTOR (C) CONTRACTOR COMMENTS (INCLUDE ENG EXPLANATION IF N/A IN COLUMN B)	AHCCCS (D) COMPLIANT Y/N	AHCCCS (E) FOLLOW-UP REQUIRED
	<p>f.t. A provision that compensation to individuals or entities that conduct utilization management, and concurrent review activities is not structured so as to provide incentives for the individual or entity to deny, limit or discontinue medically necessary services to any member [42 CFR 457.1230(d), 42 CFR 438.210]. Not required for Credentialing Subcontracting.</p> <p>Only Applicable to Non- Health Plan Accredited Contractors; Deemed for NCQA Health Plan Accredited Contractors and NCQA Accredited Subcontractor (Vendor).</p>				
	<p>s.u. A requirement that the subcontractor shall not arbitrarily deny or reduce the amount, duration, or scope of a required service solely because of the diagnosis, type of illness, or condition of the member [42 CFR 438.210(a)(3)(ii)]. Not required for Credentialing Subcontracting.</p> <p>Only Applicable to Non- Health Plan Accredited Contractors; Deemed for NCQA Health Plan Accredited Contractors and NCQA Accredited Subcontractor (Vendor).</p>				

ITEM NUMBER	(A) REQUIREMENTS	CONTRACTOR (B) PAGE NUMBER AND LOCATION	CONTRACTOR (C) CONTRACTOR COMMENTS (INCLUDE eING explanation EXPLANATION IF N/A IN COLUMN B)	AHCCCS (D) COMPLIANT Y/N	AHCCCS (E) FOLLOW-UP REQUIRED
	<p>t.v. A provision that requires the subcontractor to assist members in understanding their right to file grievances and appeals in conformance with all AHCCCS Grievance and Appeal System and member rights policies as specified in 42 CFR 438.10(g)(2)(xi), 42 CFR 438.228, 42 CFR 438.414, and 42 CFR 457.1260(g)⁵. Not required for Credentialing Subcontracting.</p> <p>Only Applicable to Non- Health Plan Accredited Contractors; Deemed for NCQA Health Plan Accredited Contractors. and NCQA Accredited Subcontractor (Vendor).</p>				
	<p>u.w. A provision that the subcontractor agrees to comply with all applicable Medicaid laws, regulations, including applicable sub regulatory guidance and contract provisions.</p> <p>Only Applicable to Non- Health Plan Accredited Contractors; Deemed for NCQA Health Plan Accredited Contractors. and NCQA Accredited Subcontractor (Vendor).</p>				

⁵ Added Code of Federal Regulation to align with requirements set forth surrounding provisions for grievances and appeals.

ITEM NUMBER	(A) REQUIREMENTS	CONTRACTOR (B) PAGE NUMBER AND LOCATION	CONTRACTOR (C) CONTRACTOR COMMENTS (INCLUDE ENG <i>explanation</i> IF N/A IN COLUMN B)	AHCCCS (D) COMPLIANT Y/N	AHCCCS (E) FOLLOW-UP REQUIRED
	<p>v-x A provision that the subcontractor agrees that the State, Centers for Medicare and Medicaid Services (CMS), the U.S. Department of Health and Human Services (HHS) Inspector General, the Comptroller General, or their designees have the right to audit, evaluate, and inspect any books, records, contracts, computer, or other electronic systems of the subcontractor, or of the subcontractor's contractor, that pertain to any aspect of services and activities performed, or determination of amounts payable under the AHCCCS Medicaid Contract with the Contractor.</p>				

ITEM NUMBER	(A) REQUIREMENTS	CONTRACTOR (B) PAGE NUMBER AND LOCATION	CONTRACTOR (C) CONTRACTOR COMMENTS (INCLUDE ENG <i>explanation</i> EXPLANATION IF N/A IN COLUMN B)	AHCCCS (D) COMPLIANT Y/N	AHCCCS (E) FOLLOW-UP REQUIRED
	<p>W.Y. Provisions for the following:</p> <p>The subcontractor will make available, for purposes of an audit, evaluation, or inspection, its premises, physical facilities, equipment, books, records, contracts, computer, or other electronic systems relating to its Medicaid enrollees.</p> <p>The subcontract shall include that the right to audit will exist for 10 years from the final date of the contract period or from the date of completion of any audit, whichever is later.</p> <p>If the State, CMS, or the HHS Inspector General determines that there is a reasonable possibility of fraud or similar risk, the State, CMS, or the HHS Inspector General may inspect, evaluate, and audit the subcontractor at any time.</p>				
12.	The subcontract includes reference to and requires compliance with the Disclosure of Ownership and Control and Disclosure of Information on Persons Convicted of Crimes requirements as outlined in contract and 42 CFR 455.101 through 106, 42 CFR 455.436, and SMDL #09-001.				

In addition, all items listed below shall be completed for Pharmacy Benefit Manager (PBM) Subcontracts:

ITEM NUMBER	(A) PBM SUBCONTRACT REQUIREMENTS	CONTRACTOR (B) PAGE NUMBER AND LOCATION	CONTRACTOR (C) CONTRACTOR COMMENTS (INCLUDING IF N/A IN COLUMN B)	AHCCCS (D) COMPLIANT Y/N	AHCCCS (E) FOLLOW-UP REQUIRED
1.	The Subcontract contains a provision that the Contractor reimburses the PBM the exact amount of the actual payments made <u>by the PBM⁶</u> to pharmacies inclusive of the ingredient costs and the dispensing fees for prescription claims.				
2.	A provision that the Contractor submits encounters to AHCCCS for prescription drug claims that are the exact amount of the actual payments made <u>by the PBM</u> to the pharmacies inclusive of ingredient costs and the dispensing fees for prescription claims.				
3.	A provision that the Contractor and PBM ensures that no additional direct or indirect remuneration fees, (including but not limited to membership fees, switch fees, transaction fees), will be imposed on a pharmacy as a condition of claims payment or network inclusion.				

⁶ Added for clarity that actual payments made by the Pharmacy Benefit Manager (PBM). Revised throughout document when applicable.

ITEM NUMBER	(A) PBM SUBCONTRACT REQUIREMENTS	CONTRACTOR (B) PAGE NUMBER AND LOCATION	CONTRACTOR (C) CONTRACTOR COMMENTS (INCLUDING IF N/A IN COLUMN B)	AHCCCS (D) COMPLIANT Y/N	AHCCCS (E) FOLLOW-UP REQUIRED
4.	<p><u>A provision that the Contractor’s PBM shall reimburse pharmacies, at a minimum, the actual acquisition cost of medications dispensed to Title XIX, Title XXI, or other programs funded by AHCCCS that have a pharmacy benefit, plus a professional fee. The professional fee encompasses the cost associated with a pharmacist’s time and expertise in dispensing a prescription drug, above and beyond the cost of the medication itself. This fee covers the pharmacist’s services, such as reviewing the prescription, providing patient counseling, ensuring proper drug utilization, and physically dispensing the medication. AHCCCS will provide further guidance for 340B entity owned pharmacy requirements. At a future date, AHCCCS may issue reimbursement methodology for State Maximum Allowable Costs to be utilized by each Contractor’s PBM to reimburse generic, biosimilar and/or various specialty drugs.</u>⁷</p>				
5.4.	<p>A provision that no additional prospective, concurrent or retrospective remuneration or recoupment models (including, but not limited to, Generic Effective Rates [GERs] or Brand Effective Rates [BERs]) be permitted. However, nothing shall preclude the reprocessing of claims due to claims adjudication error of the Contractor or its agent or claim related pharmacy audit adjustments for incorrectly billed pharmacy claims.</p>				

⁷ Added to checklist to agree with new contract language.

ITEM NUMBER	(A) PBM SUBCONTRACT REQUIREMENTS	CONTRACTOR (B) PAGE NUMBER AND LOCATION	CONTRACTOR (C) CONTRACTOR COMMENTS (INCLUDING IF N/A IN COLUMN B)	AHCCCS (D) COMPLIANT Y/N	AHCCCS (E) FOLLOW-UP REQUIRED
6.5.	A provision that the Contractor ensures encounters submitted to AHCCCS are payments issued by the MCO's PBM and/or the MCO PBM's contractors/subcontractors are exact amounts allowed under the reimbursement methodology delineated in the Contract between the MCOs PBM and the pharmacy or the Pharmacy Services Administrative Organization (PSAO) and the pharmacy.				
7.6.	A provision that all revenues including direct/indirect payments and credits received by the PBM related to services provided for the Contractor are passed through to the Contractor including but not limited to: pricing discounts/credits ed paid to the PBM, inflationary payments, claw backs, fees, credits, grants, chargebacks, reimbursements, all rebates, administrative fees paid by manufacturers or other related entities, and any other payments received by the PBM on behalf of or related to the Contractor.				
8.7.	A provision that the Contractor does not accept any credits or funding offered by the PBM, including but not limited to, implementation credits or ongoing credits that are proposed in the contract.				
9.8.	A provision that the Contractor ensures payment to the PBM for an all-inclusive administrative fee, on a fixed and/or per script basis, for all services provided under the PBM subcontract.				

ITEM NUMBER	(A) PBM SUBCONTRACT REQUIREMENTS	CONTRACTOR (B) PAGE NUMBER AND LOCATION	CONTRACTOR (C) CONTRACTOR COMMENTS (INCLUDING IF N/A IN COLUMN B)	AHCCCS (D) COMPLIANT Y/N	AHCCCS (E) FOLLOW-UP REQUIRED
10.9.	A provision that the PBM will not charge the Contractor for other services (including but not limited to: additional fees for a “flu vaccine program <u>or other type of vaccine and or injection program</u> ⁸ ”).				
10.11.	A provision that the administrative fee is not funded directly or indirectly with revenues associated with credits, rebates, or other payments made to the PBM.				
12.11.	A statement for all Contractors, including those contracting with a PBM that subcontracts with another PBM, the submitted encounter to AHCCCS by the Contractor shall be the actual payment to the pharmacy.				
13.12.	A provision that the contracts, between the Contractor and the PBM or the PBM and its subcontracted PBM or any other identified subcontracts associated with the delivery or administration of the pharmacy benefit be submitted to AHCCCS upon request.				
14.13.	For Contractors whose PBMs subcontract with a PSAO, a provision that the submitted pharmacy encounter to AHCCCS shall include the actual payment to the pharmacy that provided the service, including the paid ingredient cost and dispensing fee.				

⁸ Adding additional examples.

ITEM NUMBER	(A) PBM SUBCONTRACT REQUIREMENTS	CONTRACTOR (B) PAGE NUMBER AND LOCATION	CONTRACTOR (C) CONTRACTOR COMMENTS (INCLUDING IF N/A IN COLUMN B)	AHCCCS (D) COMPLIANT Y/N	AHCCCS (E) FOLLOW-UP REQUIRED
15.	<p><u>A provision that the PBM shall reimburse the pharmacy or drug manufacturer at the actual acquisition cost without further discounts in accordance with Medicaid Outpatient Drug Rule. If the PBM is contracted to reimburse a PSAO for the drug submitted at actual acquisition cost, the PBM shall reimburse the PSAO the drug's actual acquisition cost and the PSAO shall reimburse the filling pharmacy 100% of the actual acquisition cost.⁹This contract provision applies to drugs and gene/cellular therapies covered under the AHCCCS Reinsurance Program. The MCO and/or the PBM may verify the actual acquisition cost by requesting the manufacturer's invoice of the product from the provider or by issuing reimbursement based on the Wholesale Acquisition Cost of the drug/gene/cellular therapy.</u></p>				
16.14.	<p>A provision that the Contractor's PBM contract shall be updated to exclude any waiting period for a pharmacy to be added to the PBM's pharmacy network as outlined in the Contract.</p>				

⁹ Added to checklist to agree with new contract language.

ITEM NUMBER	(A) PBM SUBCONTRACT REQUIREMENTS	CONTRACTOR (B) PAGE NUMBER AND LOCATION	CONTRACTOR (C) CONTRACTOR COMMENTS (INCLUDING IF N/A IN COLUMN B)	AHCCCS (D) COMPLIANT Y/N	AHCCCS (E) FOLLOW-UP REQUIRED
15.17.	<p>The Contractor includes the specific content below in the PBM subcontracts for reimbursement of Brand Name Drugs:</p> <p>a. The PBM provides a Guaranteed Brand Name Drug Discount Rate and require the reimbursement of Brand Name Prescription claims, in aggregate, at a minimum, to be the following:</p> <p>i. <i>84-Day Supply or Less</i>: The lesser of the Average Wholesale Price (AWP) less 18%, the Submitted Ingredient Cost, or the Usual & Customary (U&C) price plus a Dispensing Fee.</p> <p>ii. <i>Greater than an 84-Day Supply</i>: The lesser of the AWP less 19.50%, the Submitted Ingredient Cost, or the U&C price plus a Dispensing Fee.</p> <p>b. A provision that the Guaranteed Discount Rate shall be calculated for branded legend and Over-the-Counter branded drugs on a cumulative six-month basis, beginning with the period October 1 through March 31 and followed by the period April 1 through September 30. The Guaranteed Discount Rate shall be calculated on the actual contracted rate between the Contractor and the PBM.</p> <p>c. A provision that the PBM evaluate and calculate each six-month time period and determine if the performance guarantee was met.</p> <p>d. A provision that the guarantee be calculated within 30 days after the end of each cumulative six-month time period.</p>				

ITEM NUMBER	(A) PBM SUBCONTRACT REQUIREMENTS	CONTRACTOR (B) PAGE NUMBER AND LOCATION	CONTRACTOR (C) CONTRACTOR COMMENTS (INCLUDING IF N/A IN COLUMN B)	AHCCCS (D) COMPLIANT Y/N	AHCCCS (E) FOLLOW-UP REQUIRED
	e. A provision that if the guarantee was not met, the PBM <u>shall</u> issue payment to the Contractor to meet the performance guarantee after each six-month time period within 60 days after the close of the six-month time period.				
	f. A statement that the results of one guarantee <u>shall</u> not be used to offset another guarantee.				
16.18.	<p>The Contractor includes the specific content below in the PBM subcontracts for reimbursement of Generic Drugs:</p> <p>a. A provision that the Contractor’s Contract with the PBM require the reimbursement of generic drugs to be guaranteed, in aggregate, at a minimum, at AWP less 84% for all Days Supplies dispensed. The calculation of the aggregate guarantee includes all generic drugs, including single source, multisource and Over-the-Counter generic drugs and generic drug claims reimbursed at U&C pricing or the Submitted Ingredient Cost. All generic drug prescription claims be reimbursed to network pharmacies at the lesser of the MAC, AWP less 18%, the submitted ingredient cost, or U&C pricing plus a Dispensing Fee.</p>				

ITEM NUMBER	(A) PBM SUBCONTRACT REQUIREMENTS	CONTRACTOR (B) PAGE NUMBER AND LOCATION	CONTRACTOR (C) CONTRACTOR COMMENTS (INCLUDING IF N/A IN COLUMN B)	AHCCCS (D) COMPLIANT Y/N	AHCCCS (E) FOLLOW-UP REQUIRED
	b. A provision that the Generic Drug Guarantee be calculated for generic drugs on a cumulative six-month basis, beginning with the period October 1 through March 31 and followed by the period April 1 through September 30.				
	c. A provision that the Generic Drug Guarantee be calculated on the actual contracted rate between the Contractor and the PBM.				
	d. A provision that the PBM evaluate and calculate each six-month time period and determine if the performance guarantee was met.				
	e. A provision that the guarantee be calculated within 30 days after the end of each cumulative six-month time period.				
	f. A provision that if the guarantee was not met, a provision that the PBM shall issue payment to the Contractor to meet the performance guarantee after each six-month time period within 60 days after the close of the six-month time period.				
	g. A statement that the results of one guarantee is not be used to offset another guarantee.				

ITEM NUMBER	(A) PBM SUBCONTRACT REQUIREMENTS	CONTRACTOR (B) PAGE NUMBER AND LOCATION	CONTRACTOR (C) CONTRACTOR COMMENTS (INCLUDING IF N/A IN COLUMN B)	AHCCCS (D) COMPLIANT Y/N	AHCCCS (E) FOLLOW-UP REQUIRED
17.19.	<p>The Contractor includes the specific content below in the PBM subcontracts for reimbursement of Mail Order Prescription Services:</p> <p>a. The Contractor’s Contract with the PBM provides a Guaranteed Discount Rate for all Mail Order Pharmacy Prescriptions Claims, in aggregate, at a minimum, of AWP less 24% and the Mail Order Prescription Claims shall be reimbursed, at a minimum, the lesser of the AWP less 24%, the Submitted Ingredient Cost, MAC, or the U&C price. This is applicable to Contractors providing mail order services when the pharmacy is owned or operated under the same corporate umbrella of companies as the PBM. This does not apply to the retail pharmacy networks not owned or operated under the same corporate umbrella that includes the PBM.</p>				
	<p>b. A provision that the Guaranteed Discount Rate be calculated for mail order prescription drugs on a cumulative six-month basis, beginning with the period October 1 through March 31 and followed by the period April 1 through September 30. The Guaranteed Discount Rate shall be calculated on the actual contracted rate between the Contractor and the PBM.</p>				
	<p>c. A provision that the Guaranteed Discount Rate be calculated on the actual contracted rate between the Contractor and the PBM.</p>				
	<p>d. A provision that the PBM evaluate and calculate each six-month time period and determine if the performance guarantee was met.</p>				

ITEM NUMBER	(A) PBM SUBCONTRACT REQUIREMENTS	CONTRACTOR (B) PAGE NUMBER AND LOCATION	CONTRACTOR (C) CONTRACTOR COMMENTS (INCLUDING IF N/A IN COLUMN B)	AHCCCS (D) COMPLIANT Y/N	AHCCCS (E) FOLLOW-UP REQUIRED
	e. A provision that if the guarantee was not met, a provision that the PBM <u>shall</u> issue payment to the Contractor to meet the performance guarantee after each six-month time period within 60 days after the close of the six-month time period.				
	f. If the guarantee was not met, a provision that the PBM issue payment to the Contractor to meet the performance guarantee after each six-month time period within 60 days after the close of the six-month time period.				
	g. A statement that the results of one guarantee shall not be used to offset another guarantee.				

ITEM NUMBER	(A) PBM SUBCONTRACT REQUIREMENTS	CONTRACTOR (B) PAGE NUMBER AND LOCATION	CONTRACTOR (C) CONTRACTOR COMMENTS (INCLUDING IF N/A IN COLUMN B)	AHCCCS (D) COMPLIANT Y/N	AHCCCS (E) FOLLOW-UP REQUIRED
18.20.	<p>The Contractor includes the specific content below in the PBM subcontracts for reimbursement of Specialty and Biosimilar Drugs:</p> <p>a. The Contractor's Contract with the PBM provides a Guaranteed Discount Rate, in aggregate, at a minimum, of AWP less 18.25% for all Specialty and Biosimilar Drugs. Specialty and Biosimilar Prescription claims, in aggregate, shall be reimbursed to pharmacies at the lesser of AWP less 18.25%, MAC, the Submitted Ingredient Cost, or the U&C price plus a Dispensing Fee. Dispensing Fee for non-compounded and compounded prescriptions shall not be greater than what is listed in the Arizona State Plan. Limited and exclusive distribution, biosimilars, and specialty drugs are included in the guarantee.</p>				
	<p>b. A provision that the Guaranteed Discount Rate be calculated for limited distribution, biosimilars and specialty drugs on a cumulative six-month basis, beginning with the period October 1 through March 31 and followed by the period April 1 through September 30. A provision that the Guaranteed Discount Rate shall be calculated on the actual contracted rate(s) between the Contractor and the PBM.</p>				
	<p>c. A provision that the PBM evaluates and calculates each six-month time period and determine if the performance guarantee was met.</p>				

ITEM NUMBER	(A) PBM SUBCONTRACT REQUIREMENTS	CONTRACTOR (B) PAGE NUMBER AND LOCATION	CONTRACTOR (C) CONTRACTOR COMMENTS (INCLUDING IF N/A IN COLUMN B)	AHCCCS (D) COMPLIANT Y/N	AHCCCS (E) FOLLOW-UP REQUIRED
	d. A provision that the guarantee be calculated within 30 days after the end of each cumulative six-month time period.				
	e. <u>A provision that</u> If the guarantee was not met, a provision that the PBM <u>shall</u> issue payment to the Contractor to meet the performance guarantee after each six-month time period within 60 days after the close of the six-month time period.				
	f. A statement that the results of one guarantee shall not be used to offset another guarantee.				
	g. A provision that Specialty Medications that can be purchased and dispensed by a retail pharmacy not be reimbursed to the Specialty Pharmacy for a greater amount than the amount that would be reimbursed under the PBM/Contractor Retail Pharmacy Drug Reimbursement rates.				
19.21.	A clause that allows for an annual review of the contract for rate setting, adjustments to market conditions, and to ensure network adequacy.				

ITEM NUMBER	(A) PBM SUBCONTRACT REQUIREMENTS	CONTRACTOR (B) PAGE NUMBER AND LOCATION	CONTRACTOR (C) CONTRACTOR COMMENTS (INCLUDING IF N/A IN COLUMN B)	AHCCCS (D) COMPLIANT Y/N	AHCCCS (E) FOLLOW-UP REQUIRED
20. <u>22.</u>	Language requiring the PBM to monitor and update the maximum allowable cost for generic drugs and other pricing benchmarks on a schedule at least as consistent with market changes, including additions and changes as the cost of generic drugs increase or decrease. Upon request from the Contractor or a network pharmacy, the PBM shall provide at least one local source, <i>i.e.</i> , a wholesaler , where a non- 340B network pharmacy is able to purchase the drug at the PBM’s maximum allowable cost rate for that drug, or lower. The PBM shall provide a reasonable and direct process for network pharmacies to communicate with the PBM and report the pharmacy’s inability to purchase at the PBM’s maximum allowable cost price and receive instructions from the PBM as to where to purchase the drug at or below the maximum allowable cost price. The language shall include a specific response time of no more than five days for the¹⁰ pricing resolution when inquiries are brought to the attention of the PBM by the Contractor or Network Pharmacy.				
21. <u>23.</u>	Language with performance guarantees that address adherence to the AHCCCS Drug List Preferred Agents for the AHCCCS Supplemental Rebate Classes Preferred Agents.				
22. <u>24.</u>	Language that allows the Contractor to terminate the PBM subcontract without cause and without penalty.				

¹⁰ [Added clarifying language and a 5-day turnaround time to resolve the maximum allowable cost issue.](#)

ITEM NUMBER	(A) PBM SUBCONTRACT REQUIREMENTS	CONTRACTOR (B) PAGE NUMBER AND LOCATION	CONTRACTOR (C) CONTRACTOR COMMENTS (INCLUDING IF N/A IN COLUMN B)	AHCCCS (D) COMPLIANT Y/N	AHCCCS (E) FOLLOW-UP REQUIRED
23. <u>25.</u>	Language that upon termination of the PBM's Contract the following, at a minimum, will be transferred to the new PBM at no charge:				
	a. Claims History File,				
	b. Prior Authorization (PA) File,				
	c. Mail Order Open Refills File,				
	d. Specialty Drug Open Refills File,				
	e. Accumulators File (if the Contractor has a corresponding Medicare Advantage Plan for Dual Eligible members),				
	f. Adjustments, and				
	g. Other requests by AHCCCS.				