

SOURCE JUSTIFICATION FORM

Bureau of Procurement

The objective of this form is to capture all relevant documentation an Agency may have to assist the Department of General Services ("DGS"), Bureau of Procurement, in expediting the source justification review process. This form must be completed electronically, signed, and submitted with all relevant documentation to DGS. If a question is neither mandatory nor applicable, please indicate "N/A". Please use standard terminology and define acronyms.

SECTION A

1. Agency Name:	Department of Human Services "prior DPW"		
2. Procurement Description: This description will appear on the eMarketplace website for public viewing	Medicaid Management Information System (MMIS) Retro DUR/Preferred Drug List/Drug Rebate 4400015328		
Materials Description:			
Services Description:			
3. Materials Shopping Cart # or Services SPR#	08-14	Estimated Cost:	\$5M +
		Initial Contract Term:	28m
		Renewals:	none
4. Supplier - Name:	Change Healthcare Pharmacy Solutions Inc		
Full Address:	3055 LEBANON PIKE STE 1000 NASHVILLE TN 37214-2239		
Contact Name:	Brent Breeding		
Telephone:	800-832-9672	FAX:	
E-mail:	BBreeding@changehealthcare.com		
SRM Supplier #:	368110		
5. Delivery or service location:	3055 LEBANON PIKE STE 1000 NASHVILLE TN 37214-2239		

SECTION B

<input checked="" type="checkbox"/>	1. Sole Source: Only known source - Not available from another supplier.
<input type="checkbox"/>	2. Material/Repair/Maintenance: Material or service MUST be compatible with existing equipment. Documentation must be provided from the manufacturer.
<input type="checkbox"/>	3. Used Equipment: Value set by 2 independent 3rd party appraisals.
<input type="checkbox"/>	4. Professional Expert: Describe in detail in Section C.
<input type="checkbox"/>	5. Exempt (Law): A federal or state statute or regulation exempts the procurement from the competitive procedure. Any applicable information precluding the procurement from competitive procedures must be attached.
<input type="checkbox"/>	6. Feasibility: Clearly not feasible to award the contract on a competitive basis.

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SECTION C

1. Describe the unique features of this procurement that prohibit a competitive environment. If applicable, attach a Statement of Work ("SOW").

Title XIX Sec. 1927 of the Social Security Act requires states to provide for the ongoing periodic examination of claims data and other records in order to identify patterns of fraud, abuse, gross overuse, or inappropriate or medically unnecessary care, among physicians, pharmacists and individuals receiving benefits under this title, or associated with specific drugs or groups of drugs. This program is known as the Retro Drug Utilization Review (RetroDUR).

DHS issued an RFP for assistance in maintaining the Department's RetroDUR, a clinically based Preferred Drug List (PDL), and to administer the Commonwealth's participation in the federal drug rebate program, and the state supplemental rebate program, including supplemental drug rebates and market share rebates. The goal is to prevent fraud, waste and abuse, to ensure that MA recipients in the Fee-for-Service (FFS) delivery system have access to clinically excellent, cost-effective pharmacy services, and to ensure that the Department maximizes applicable rebates in both the FFS and managed care delivery systems.

The procurement was awarded to Change Healthcare (formerly Goold Healthcare).

2. Document and attach the research that has been conducted to date to verify the supplier is the only known source.

N/A see response to item 8 and 9.

3. Does the supplier utilize distributors, dealers, resellers, etc.? If "Yes," please identify.

No

4. Are there compatibility requirements or compliance requirements with a warranty or service agreement? If "Yes," please explain.

No

5. How has the material or service been procured in the past? Please provide previous source justifications, contracts, & PO's for this material or service.

The contract with CHC has been in place since March 1, 2016. The contract number is 44000152328 and the term is for three years with two 1-year renewal options.

6. If procured through the IT ITQ process, please provide original \$ amount and contract period of order. Is this the final phase of the project?

N/A

7. If this is an upgrade, addition, alteration, etc., to an earlier procurement, please describe in detail.

Requesting the extension of the current contract between CHC and DHS that was originally awarded from RFP 08-14.

8. What are the consequences of not approving this procurement?

PA Medicaid would not be able to take advantage of federal drug rebate collections and could lose over \$400M per quarter.

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9. If timing is a factor, what is the time factor and why?

Yes. We are currently in the process of releasing RFPs for a new MMIS to replace PROMISe (the RetroDUR business is an MMIS function under a separate contract with CHC). Due to the size and complexity of the PROMISe replacement project, the new MMIS will not be operational before the end of the current CHC contract. Procuring a new CHC contractor prior to implementation of the new MMIS would require the CHC module be able to communicate with both PROMISe and the new MMIS one year later. DHS would like to keep the current CHC contract in place to save implementation costs.

10. List any other information relevant to the acquisition of this procurement here or as an attachment.

Change Healthcare increased federal drug rebate collections for MCO paid claims from \$215 million per quarter to \$409 million per quarter. This represents a 47% increase. Change Healthcare ensures unit conversions from J-code to NDC are performed before drug rebate invoicing, maximizing returns and significantly reducing rebate disputes by drug manufacturers.

Change Healthcare assisted DHS in the development, rebate contracting, and implementation of the Statewide Preferred Drug List (PDL). The Statewide PDL was implemented 1/1/2020 and is anticipated to yield estimated cost savings of \$85 million (total funds) for DHS.

11. For requests > \$100,000, has the supplier signed cost or pricing data certification and is the pricing breakdown attached?

Yes - see attached.

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SECTION D

IMPORTANT*: The printed names on this form shall constitute the signatures of these individuals. Agencies must insure that these individuals review the completed form and give their consent to apply their printed name on this form. No handwritten signatures shall be required in order for the form to be considered "signed" by those individuals whose names appear in the signature section of the form.

Shopping Cart Contact Person (Person whom DGS will contact regarding the Shopping Cart):

Name:	<input type="text" value="Dan De Lellis"/>	P-Group:	<input type="text" value="N/A"/>	Date:	<input type="text" value="04-08-21"/>
Title:	<input type="text" value="Bureau Director, Fee For Servi"/>	Telephone:	<input type="text"/>	Fax:	<input type="text"/>

Agency Contact Person: Person in your agency that DGS can contact for additional information, etc.

Name:	<input type="text" value="Sally Kozak"/>	Title:	<input type="text" value="Deputy Secretary, Office of Medic"/>	Date:	<input type="text" value="04-08-21"/>
Telephone:	<input type="text"/>	Fax:	<input type="text"/>	Email:	<input type="text" value="sakozak@pa.gov"/>

Approving Authority (Agency Head or Deputy reviewing and approving this request): Approving Authority connotes approval of the source justification and the cost or pricing data certification.

Name:	<input type="text" value="DeShawn Lewis"/>	Title:	<input type="text" value="Director"/>	Date:	<input type="text" value="04-09-21"/>
Telephone:	<input type="text"/>	Fax:	<input type="text"/>	<input type="text"/>	<input type="text"/>

Additional Approvals (if required by Agency):

Name:	<input type="text"/>	Title:	<input type="text"/>	Date:	<input type="text"/>
Telephone:	<input type="text"/>	Fax:	<input type="text"/>	Email:	<input type="text"/>
Name:	<input type="text"/>	Title:	<input type="text"/>	Date:	<input type="text"/>
Telephone:	<input type="text"/>	Fax:	<input type="text"/>	Email:	<input type="text"/>
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