Chapter 23 Section 5

Transition

1.0 CONTRACT PHASE-IN

1.1 Start-Up Plan

The contractor shall submit a Start-Up Plan No Later Than (NLT) 10 calendar days following contract award. This comprehensive plan shall be submitted electronically, in Microsoft® (MS) Project format, to the Procuring Contracting Officer (PCO) and Contracting Officer's Representative (COR). The plan shall address all events and milestones that need to occur for each functional area described in the contract to enable the start of service performance under this contract. Within 15 calendar days following the Transition Specifications and Interface meetings, the incoming contractor shall submit to the PCO and COR a revised Start-Up Plan which incorporates the results of the Transition Specifications and Interface meetings, as necessary. After the PCO approves the revised Start-Up Plan, it will be incorporated into the contract at no cost to the Government.

1.2 Transition Specifications Meeting

The contractor shall attend a two to four day meeting with Department of Defense (DoD)/ TRICARE Management Activity (TMA) representatives at a Government-specified location, within 15 calendar days following contract award. This meeting is for the purpose of discussing start-up requirements, and for developing a schedule for phase-in activities. TMA will notify the contractor as to the exact date and place of the meeting. Contractor representatives attending this meeting shall have the experience, expertise, and authority to provide approvals and establish project commitments on behalf of their organization.

The transition specifications meeting will include a meeting with the outgoing pharmacy contractor. A Memorandum of Understanding (MOU) will be developed (between the incoming and outgoing contractors) that addresses coordination of phase-in/phase-out activities. Specific activities to be addressed at the meeting include, but are not limited to:

1.2.1 The contractor shall coordinate with the outgoing contractor to perform an electronic transfer of beneficiary mail order and open refill history to the extent allowed by applicable state and federal requirements and laws. The contractor shall demonstrate its ability to receive these files NLT 60 calendar days prior to the start of Option Period 1.

1.2.2 The contractor shall make arrangements with the outgoing contractor to ensure any Mail Order Pharmacy (MOP) prescription orders received by the outgoing contractor after the start of Option Period 1 are promptly forwarded to the incoming contractor. This requirement is valid for a period of 180 days after the start of mail order services. Overnight shipping shall be used, at the incoming contractor's expense, to forward the orders. The incoming contractor shall ensure that notification of the change of contractor is sent with the dispensed prescription to the beneficiary for those prescriptions that were forwarded from the outgoing contractor.

1.2.3 The contractor shall coordinate with the outgoing contractor the transfer of any beneficiary/claims history files, including a schedule that addresses initial shipments and updates as necessary. The incoming contractor shall perform initial conversion and testing of any electronic files NLT 30 calendar days following receipt of the files from the outgoing contractor.

1.2.4 The contractor shall coordinate with the outgoing contractor to establish time frames for the transfer of any open/pending prior authorization requests and medical necessity reviews.

1.3 Interface Meetings

1.3.1 Within 30 calendar days from contract award, the contractor shall arrange meetings with Government and external agencies to establish all systems interfaces necessary to meeting the requirements of the contract. These meetings shall be scheduled with, but not limited to, the Defense Manpower Data Center (DMDC), Pharmacy Data Transaction Service (PDTS), Military Health System (MHS) Defense Information Assurance Certification and Accreditation Process (DIACAP) Team, and TMA Communications and Customer Service (C&CS). The meeting with DMDC shall be a technical specifications meeting regarding Defense Enrollment Eligibility Reporting System (DEERS) applications and interfaces. TMA/DoD representatives shall be included in these meetings and all plans developed shall be submitted to the PCO and COR within 10 calendar days after the meeting for final approval.

1.3.2 The contractor is required to attend and participate (by telephone) in Systems Integration meetings during contract start-up. The purpose of these meetings is to address all phases of systems interface implementation and start-up, including testing and problem resolution. The meetings, scheduled and hosted by TMA, will be held at least weekly during the transition period, and will continue after contract start-up until all system integration related issues are resolved.

2.0 START-UP REQUIREMENTS

2.1 Systems Development

2.1.1 NLT 60 calendar days prior to the initiation of services under the contract, the processing systems and the telecommunications interconnections between these systems shall be reviewed by TMA (or its designees) to include a demonstration by the contractor of the system(s) capabilities to determine whether the systems satisfy the requirements of the contract. This includes telecommunications links with TMA, DEERS, and PDTS. This review is in addition to benchmark testing as outlined in paragraph 3.0 (all systems necessary for benchmark testing must be operational at the start of benchmark testing). The contractor shall effect any modifications required by TMA prior to the initiation of services under this contract. The contractor shall be notified of any such required modifications by the PCO. The contractor will attend and participate in weekly Systems Integration meetings (see paragraph 1.3.1).

2.1.2 NLT 30 calendar days prior to the start of services, the incoming contractor shall demonstrate to TMA successful implementation of all web-based capabilities as required in the contract.

2.2 Execution of Agreements with Network Pharmacies

2.2.1 Retail network pharmacy agreements shall be executed, and loaded into the contractor's system(s) 60 calendar days prior to the start of retail pharmacy services, or at other such time as is mutually agreed upon between the contractor and the PCO.

2.2.2 The contractor shall report on the adequacy of the network on a monthly basis during the transition. These reports are due to the PCO and the COR within 10 calendar days following the last day of the reporting period, and shall provide the following information: (1) the number of network pharmacies; (2) the number of network additions/deletions since the last reporting period; (3) activities undertaken to contract with additional pharmacies in areas lacking an adequate network; and (4) a listing of network pharmacies.

3.0 BENCHMARK TESTING

3.1 General

Prior to the start of services, the contractor shall demonstrate the ability of its staff and its automated systems to accurately process all types of TRICARE Pharmacy (TPharm) claims in accordance with current requirements. This will be accomplished through a comprehensive Benchmark test. The Benchmark test is administered by the contractor under the oversight of TMA, and must be completed NLT 60 days prior to the start of services under this contract.

3.1.1 The Benchmark test shall consist of up to 1,000 claims, testing a multitude of claim conditions, including TPharm covered and non-covered services, eligible and non-eligible beneficiaries, formulary and non-formulary processing, coordination of benefits, Department of Veterans Affairs (DVA) claims, Medicaid claims, etc. The benchmark may require up to 17 consecutive calendar days at the contractor's site(s). The test may also include adjustments and reversals, and submission of TRICARE Encounter Data (TED) records for these actions.

3.1.2 The Benchmark test is comprised of one or more cycles or batches of claims. When more than one cycle is used, each cycle may be submitted on consecutive days. Each cycle after the initial one will include new test claims, as well as claims not completed during preceding cycles. All aspects of claims processing may be tested.

3.1.3 The contractor shall demonstrate its ability to conduct eligibility verification and claims processing functions to include: (1) claims control and development; accessing and updating DEERS for eligibility status; (2) calculating cost-shares and deductibles; (3) querying and updating internal and external family and patient deductible and cost-share files on the Catastrophic Cap and Deductible Data (CCDD) file; (4) accessing and updating PDTS; (5) applying utilization review criteria; (6) adjusting and canceling previously processed claims (inside and outside the 10-day window for network retail pharmacy claims); and (7) producing required output for paper and electronic transactions. The Benchmark test may include testing of any and all systems (internal and external) used by the contractor to process claims. The Benchmark will also test generation and submission of TED records for every test claim. Contractor compliance with applicable Health Insurance Portability and Accountability Act (HIPAA) and security requirements will be included in the Benchmark test, as appropriate.

3.1.4 The contractor shall conduct the benchmark test. The test will be comprised of both paper and electronic (batch and Point of Service (POS)) claim transactions. The contractor shall be required to create test claims, including prior authorizations and medical necessity reviews from test scenarios provided to the contractor by TMA. The contractor shall supplement these test scenarios with any internal conditions if appropriate for testing.

3.1.5 A Benchmark test of a current contractor's system may be administered at any time by TMA upon instructions by the PCO. All contractor costs incurred to comply with the performance of the Benchmark test are the responsibility of the contractor.

3.2 Benchmark Procedures

3.2.1 Approximately 60 calendar days following contract award, DoD/TMA representatives will conduct a pre-benchmark meeting with the contractor to provide an overview of the test process, receive an overview of the contractor's system(s), collect data for use in the benchmark, discuss the involvement of external systems in the test (e.g., DEERS and PDTS), and discuss the dates of the test and information regarding the administration of the test. At this time, TMA shall provide the test scenarios to the contractor that are to be used in the development of the test claims.

Note: At TMA's discretion, the test must be completed NLT 60 calendar days prior to the start of services to allow time to make any needed corrections. The pre-benchmark meeting will be conducted at the contractor's site. Data requirements will be coordinated at the pre-benchmark meeting to ensure that the contractor adequately prepares all files prior to the benchmark. Electronic transaction requirements shall be discussed to include timing and logistics.

3.2.2 At this pre-benchmark meeting, the contractor shall be advised of the logistics of the Benchmark test including the number of DoD/TMA staff who will monitor and evaluate the results of the test; the amount of time the contractor shall have to process test claims; the process and point of contacts for the contractor to use for questions related to the test scenarios provided by TMA; space requirements for the TMA team including access to telephones, computer terminals, and printers; and what reference documents the contractor shall make available to the TMA team during the test (e.g., TRICARE Manuals, Explanation of Benefits (EOB) message codes, reject/denial codes, organizational chart, personnel directory, etc.).

3.2.3 On the first day of the Benchmark test, a brief entrance conference will be held with the contractor personnel to discuss the schedule of events, expectations, and administrative instructions.

3.2.4 During the Benchmark test, the contractor shall process the claims and shall provide output for evaluation by TMA personnel as the claims are processed to completion. The specific schedule for claims processing and the procedures for providing the output will be discussed with the contractor at the pre-benchmark meeting.

3.2.5 At the conclusion of the Benchmark test, an exit conference may be held with the contractor staff to brief the contractor on all findings identified during the benchmark. The initial Benchmark test report will be forwarded to the contractor by TMA within 45 calendar days of the last day of the test. For any claims processing errors assessed with which the contractor disagrees, a written description of the disagreement along with any specific references must be included with

the claims. The contractor shall correct all findings identified during the Benchmark test NLT 45 days following the date of the initial report.

3.2.6 Within seven calendar days of the last day of the Benchmark test, the contractor shall prepare and submit the initial TED records to TMA. The contractor shall be notified of any TEDs failing the TMA edits. The contractor shall make the necessary corrections and resubmit the TED records until 100% of the original benchmark test TEDs have passed the edits and are accepted by TMA.

3.2.7 The contractor has 45 calendar days from the date of the initial Benchmark test report to submit the final corrected TED records to TMA. New TEDs need not be generated to reflect changes created from claims processing corrections; however, all TEDs originally submitted for the benchmark test claims which did not pass TMA edits must continue to be corrected and resubmitted until all edit errors have been resolved and 100% of the TED records have been accepted by TMA.

3.3 Operational Aspects

3.3.1 The Benchmark test may be conducted on the contractor's production system(s) or an identical copy of the production system (i.e., test system). Whichever system is used for the benchmark, it must meet all TRICARE requirements. If the benchmark is conducted on the contractor's production system, the contractor shall prevent the possibility of any checks or EOBs being actually mailed to beneficiaries or providers and prevent production TEDs from being sent to TMA.

3.3.2 Certain external test systems and files (e.g., DEERS, PDTS) are an integral component of the Benchmark test, and the contractor is expected to perform all necessary verifications, queries, etc., according to TRICARE procedures and requirements. The contractor shall coordinate through TMA to ensure that direct interface with any required external test system is established and operational prior to the benchmark.

3.4 The contractor shall also conduct high-volume stress testing for retail pharmacy transactions. The purpose of this stress test is to ensure that proposed systems and system interfaces are configured to allow for a high volume of transactions in an acceptable time frame consistent with contract performance standards.

4.0 CONTRACT PHASE-OUT

4.1 Phase-Out Plan

The contractor shall submit a Phase-Out Plan NLT 30 calendar days following award of a successor contract. The plan shall address all events and milestones that need to occur during the contract transition and phase-out. The Phase-Out Plan shall incorporate results of the Transition Specifications meeting as appropriate.

4.2 Transitions Specification Meeting

The outgoing contractor shall attend a meeting with representatives of the incoming contractor and DoD/TMA within 15 calendar days following contract award. The meeting is for the

purpose of discussing phase-out/phase-in activities. A MOU will be developed between the incoming/outgoing contractors that addresses coordination of phase-out and phase-in activities. TMA will notify the contractor as to the exact date of the meeting.

4.3 Data

The outgoing contractor shall provide to TMA (or, at the option of TMA, to a successor contractor) such information as TMA requires to facilitate transitions from the contractor's operations to operations under any successor contract. Such information may include, but is not limited to, the following:

- The data contained in the contractor's claims processing system(s),
- Information about the management of the contract that is not considered, under applicable Federal law, to be proprietary to the contractor.

4.4 Phase-Out of The Contractor's Claims Processing Operations

Upon notice of award to another contractor, and during the procurement process leading to a contract award, the contractor shall undertake phase-out activities such as the following:

4.4.1 The contractor shall, upon receipt of a written request from TMA, provide to potential offerors such items and data as required by TMA. This shall include non-proprietary information such as record formats and specifications, field descriptions and data elements, claims and correspondence volumes, etc.

4.4.2 Transfer of Automated Data Processing (ADP) Files (Electronic)

The outgoing contractor shall prepare, in an electronic format, and transfer to the incoming contractor or TMA, by the 15th calendar day following the Transition Specifications meeting, (unless otherwise negotiated by the incoming and outgoing contractors), all specified ADP files in accordance with the specifications in the MOU. The outgoing contractor shall continue to participate in preparation and testing of these files until they are fully readable by the incoming contractor.

4.4.3 Outgoing Contractor Weekly Shipment of History Updates

The outgoing contractor shall transfer to the incoming contractor, in electronic format, all beneficiary history files (occurring from the date of preparation for shipment of the initial transfer of such history files and every week thereafter) in accordance with the specifications in the MOU.

4.4.4 Transfer of Non-ADP Files

The outgoing contractor shall transfer to the incoming contractor all non-ADP files in accordance with the specifications in the MOU and Chapter 2. The hard copies of the Beneficiary Claims History Files are to be transferred to the incoming contractor or Federal Records Center as required by Chapter 2. The contractor shall provide samples, formats, and descriptions of these files to the incoming contractor at the Transition Specifications meeting.

4.4.5 EOB Record Data Retention and Transmittal

If the contractor elects to retain EOB data on a computer record, it must, in the event of a transition to another contractor, provide either a full set of electronic records covering the current and two prior years, or at the PCO's discretion, provide the data and necessary programs to reproduce the EOB in an acceptable format and transfer such data and programs to the successor contractor or to TMA. TMA shall be the final authority in determining the format and/or acceptability of the data.

4.5 Final Processing of Outgoing Contractor

The outgoing contractor shall:

- Process to completion all claims, including adjustments, received during its contract period (including contract phase-out). Processing of these claims shall be completed within 90 calendar days following the start of the incoming contractor's service delivery. All claims shall meet the same standards as outlined in the current contract.

- Be liable, after the termination of services, for any payments to subcontractors of the contractor arising from events that took place during the period of this contract.

- Process all correspondence and incoming telephone inquiries which pertains to claims or services processed or delivered under this contract within the time frames established for response by the standards of the contract.

- Complete all appeal cases that pertain to claims or services processed or delivered under this contract within the time frames established for response by the standards of the contract.

4.5.1 Correction of Edit Rejects

The outgoing contractor shall retain sufficient resources to ensure correction (and reprocessing through TMA) of all TED record edit errors NLT 120 calendar days following the incoming contractor's start of pharmacy services.

4.5.2 Cost Accounting

If the outgoing contractor succeeds itself, costs related to each contract shall be kept separate for purposes of contract accountability.

4.5.3 Records Disposition

The outgoing contractor shall comply with the provisions of Chapter 2 in final disposition of all files and documentation. The contractor shall include a records disposition section as part of the Phase-Out Plan.

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