

# REQUEST FOR INFORMATION (RFI)

## RFI-LDC101-01

### Drugs and Pharmaceutical Services

STATE OF OHIO

DEPARTMENT OF ADMINISTRATIVE SERVICES

General Services Division, Office of Procurement Services

4200 Surface Rd.

Columbus, OH 43228

RESPONSE DEADLINE: RFI responses are due prior to 1:00 p.m. Eastern Standard Time on Friday, June 17, 2011.

ADDRESS FOR RFI RESPONSES: Bid Desk  
Department of Administrative Services  
General Services Division, Office of Procurement Services  
4200 Surface Road  
Columbus, OH 43228

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## 1.0. INTRODUCTION

### 1.1 Purpose of this Request for Information (RFI)

The purpose of this RFI is to gather sufficient information to determine if the procurement of pharmaceuticals for state of Ohio institutions listed herein may be accomplished in a more cost-efficient manner, while continuing to provide an acceptable service level. The Department of Administrative Services (DAS), Office of Procurement Services (OPS), hereby requests input from any entity possessing inherent knowledge of the pharmaceuticals industry and markets that will assist the State to optimize its drug procurement process and ultimately lower the overall costs of pharmaceuticals it purchases. We welcome input from all interested parties and recognize the importance of diverse insights which are necessary for fair and proper decision making. All parties are encouraged to respond, regardless of whether they may respond to possible solicitation(s) subsequent to this RFI. Comments from the public at large are also invited. You are encouraged to share this RFI with anyone you believe may be interested. We thank you, in advance, for your interest and participation.

Under no circumstances is this Request for Information to be construed as an invitation to bid, propose, quote or otherwise solicit business from the State, nor should this RFI be interpreted as a definitive list of requirements, strategies, direction, or commitment to the market pertaining to any current or future state pharmaceutical requirements. The exchange of information does not imply imminent purchase, nor should it in any way be construed as a commitment to purchase by the State, or encouragement to expend funds in development, marketing or sales to the State. The issuance of this RFI and any subsequent acceptance of market responses, whether in writing or orally and whether in whole or in part, does not bind or impose any legal obligation upon the State or Respondents in any way, nor does it limit the State's right to negotiate in its best interest with any Respondent at any time.

All materials submitted in response to this RFI will become the property of the State and may be returned only at the State's option, and at the prospective Respondents expense. The State routinely handles all information submitted in response to an RFI with care, uses it only for information evaluation purposes, and restricts access to the minimum number of persons who have a need to know. However, subject to any pre-existing Non-Disclosure Agreement between the State and Respondents, the State assumes no obligation and shall incur no liability regarding confidentiality of all, or any portion of a quotation, or any other material submitted in response to this RFI. If any prospective Respondent feels compelled to submit information considered to be proprietary or confidential, and is of the opinion that its quotation cannot be adequately presented without submitting such information, it is such Respondent's obligation to notify the State in advance of providing such information, specifying the nature of the material, and to obtain written authorization to proceed.

### 1.2 Background

In 2008, the Advantage Ohio Procurement Reform Panel, which included representatives from the public and private sectors, made seven recommendations for state government procurement reform:

1. Create a center-led supply organization;
2. Maximize purchasing power through leverage;
3. Apply a consistent strategic sourcing process;
4. Attract and retain talented supply management professionals;
5. Set annual targets and report results of procurement efforts;
6. Maximize the use of information technology; and
7. Accomplish the objectives without comprising supplier diversity and the quality of goods and services.

The State spends approximately \$53 million annually on pharmaceuticals it purchases for various state agencies. The agencies purchasing from the pharmaceutical contracts include, but are not limited to, the Department of Rehabilitation and Corrections (DRC), the Department of Mental Health (DMH), the Department of Youth Services (DYS), the Ohio Department of Health (ODH), including County Boards of Health, and the Ohio Veterans' Home (OVH). The missions of these agencies are diverse and as a result, several methods are used to provide commodities and services that are necessary to accomplish their ultimate goals. OPS is the contracting authority and manages the procurement process on behalf of the Department of Mental Health. These procurement methods include Invitation to Bid (ITB) and Request for Proposals (RFP), to name only two. An agency may also purchase drugs "off contract" using its Direct Purchasing Authority (DPA).

## 2.0 CURRENT DRUG AND PHARMACEUTICAL PROCUREMENT AND WAREHOUSING

### 2.1 Ohio's Pharmacy Service Center Warehouse (OPSC)

The State of Ohio, as authorized in Ohio Revised Code ORC 5119.16, operates the Office of Support Services (OSS), under DMH, to purchase, store, and distribute all drugs commonly used by state institutions. Ohio's Pharmacy Service Center Warehouse (OPSC), a division of OSS, receives orders from the state institutions and distributes stocked items on a regularly scheduled basis. OPSC utilizes direct purchasing authority, with the bulk of procurement through several pharmaceutical contracts administered by DAS Office of Procurement Services:

LDC101 – A mandatory use state term contract, containing approximately 2,000 line items, that allows for an economic price adjustment within 6-month periods. (\$34,485,040 per year – forecast)

MAC060 – An optional use, multiple award contract which allows quarterly price updates. (\$ 6,394,485 per year – forecast)

MAC105 – An optional use, multiple award contract which allows monthly price updates (\$10,419,485 per year – forecast)

GPC009 – An optional use, participating agreement contract with price updates as needed. (forecast TBD)

Note: Web addresses for these contracts are provided in Section 6.0.

For the purpose of this RFI, we will focus only on the items purchased through the aforementioned contracts. We have included OPSC stocked pharmaceuticals, which are made up of the institutional custom formulary as a part of this RFI.

Ohio's Pharmacy Service Center Warehouse serves as a distribution center for state institutions which maintain their own licensed full-service pharmacies for the routine dispensing of medication on site. Established as an economical mechanism for procurement of pharmaceuticals (purchasing, storage, repackaging, and distribution), OPSC purchases and distributes pharmaceuticals on a daily basis. Refrigerated items are also stocked at the OPSC warehouse, while frozen items are drop-shipped to the using facilities location. OPSC maintains a \$10 million inventory of pharmaceuticals, or a 30-day minimum quantity of items to ensure uninterrupted supply of pharmaceutical to its customers.

Purchase orders are place monthly to pharmaceutical suppliers. Typical order quantities are up to a 60-day supply, depending on the minimum order quantities and usage.

Through strategic sourcing methods, OPSC offers pharmaceuticals at competitive prices and attempts to minimize purchasing activities and inventories at the customers' facilities. All pharmaceutical bids are screened and only "federally approved" bioequivalent products are provided via the state drug contracts. This ensures high product quality at the lowest cost.

### 2.2 OPSC Formulary

The DRC/DMH formulary currently contains approximately 2,000 items. A listing is provided herein via Web access. Refer to Section 6.0 for the Web address to the formulary document. This list includes the OPSC Stock number, Item Description, and Package Size and Unit for each item. Any items stocked by the OPSC must be approved by the interdepartmental Pharmacy and Therapeutic (P&T) committee, and must be recommended by a department for stocking.

### 3.0 CONDITIONS OF THE RFI

#### 3.1 Sequence of Events

The RFI Manager will make every effort to adhere to the following schedule:

<u>Action</u>	<u>Responsible Party</u>	<u>Effective Dates</u>
1. Issue RFI	Procurement Services	Friday, May 13, 2011
2. Deadline for Questions	Potential Respondents	Friday, June 3, 2011
3. Response to Questions	RFI Manager	Thursday, June 9, 2011
4. Response Due Date	Respondents	Friday, June 17, 2011

#### 3.2 Explanation of Events

3.2.1 This RFI is being issued on the date indicated in the Sequence of Events, above, by the Department of Administrative Services, Office of Procurement Services.

3.2.2 Questions regarding this RFI must be submitted electronically, on the Procurement Service's web site to the RFI Manager and must be received by 5:00 PM, EST on Friday, June 3, 2011. Questions may be submitted via the following method:

3.2.2.1 Offerors may make inquiries regarding this RFI any time during the inquiry period listed in the Calendar of Events. To make an inquiry, Offerors must use the following process:

1. Access the State Procurement Web site at <http://www.ohio.gov/procure>.
2. From the Navigation Bar on the left, select "Find It Fast".
3. Select "Doc/Bid/Schedule #" as the Type.
4. Enter the RFI Number found on Page 1 of the document. (RFI numbers begin with the letters "RFI")
5. Click "Find It Fast" button.
6. On the document information page, click "Submit Inquiry".
7. Click the "Submit" button.

Offerors submitting inquiries will receive an immediate acknowledgement that their inquiry has been received as well as an e-mail acknowledging receipt of the inquiry. Offerors will not receive a personalized e-mail response to their question, nor will they receive notification when the question has been answered.

3.2.2.2 Offerors may view inquiries and responses using the following process:

1. Access the State Procurement Web site at <http://www.ohio.gov/procure>.
2. From the Navigation Bar on the left, select "Find It Fast".
3. Select "Doc/Bid/Schedule #" as the Type.
4. Enter the RFI Number found on Page 1 of the document. (RFI numbers begin with the letters "RFI")
5. Click "Find It Fast" button.
6. On the document information page, click the "View Q & A" button to display all inquiries with responses submitted to date.

The State will try to respond to all inquiries within 48 hours of receipt. The State will not respond to any inquiries received after the inquiry end date & time.

3.2.3 The RFI response shall be delivered to the State Procurement Bid Desk at:

Bid Desk  
Department of Administrative Services  
General Services Division, Office of Procurement Services  
4200 Surface Road  
Columbus, OH 43228

RFI responses are due prior to 1:00 p.m. Eastern Standard Time on Friday, June 17, 2011. Responses received after the due date and time may not be considered. All responses should be labeled with the following RFI number: RFI-LDC101-01.

### 3.3. General Requirements

Submission of a response constitutes acceptance of, and consent to, the following General Requirements:

1. This RFI in no manner obligates the state of Ohio or any of its agencies to the issuance of an RFP or any other action that may be described, implied or proposed.
2. This RFI and any subsequent RFP that may be issued by any other agency of the state of Ohio shall be governed by the laws of the state of Ohio.
3. All requests for clarifications should be directed to the State Procurement web site.
4. Only information supplied by State Procurement Q & A web site or in this RFI should be used in the preparation of responses.
5. Any cost incurred by the respondent in the preparation, transmittal or presentation of any response or material submitted in response to this RFI will be borne solely by the respondent.
6. The state of Ohio reserves all rights available to it by law. If a RFP or other type of solicitation results from this RFI, respondents to this RFI are hereby notified that all information, documentation, and any specific content or approaches included in RFI responses will be analyzed, may appear in various reports and may be used in the resulting solicitation. Therefore, do not submit any copyrighted, proprietary or confidential information. The state of Ohio cannot guarantee the confidentiality of the information submitted.
7. If the state of Ohio decides to issue an RFP or other form of solicitation, those parties who choose to respond to this RFI, as well as those parties who choose not to respond to this RFI, will be eligible to participate in that procurement.
8. Ownership of all data, material, and documentation originated and submitted to the state of Ohio, pursuant to the RFI, shall belong exclusively to the state of Ohio and be subject to public inspection in accordance with the OPS public records request procedures.

## 4.0 RESPONSE FORMAT AND ORGANIZATION

### 4.1 Number of Responses

For the sake of clarity, should a responder wish to submit multiple, diverse suggestions, they should prepare their responses separately.

#### 4.2 Response Format

Each respondent's response should include a cover letter identifying the submitting organization and the organization's point of contact. Responses should be typewritten on standard 8-1/2" x 11" paper and placed within a binder.

The response to this RFI should be organized in the following format:

1. The cover letter should be in the form of a standard business letter. The letter should also contain the following:
  - a. A statement regarding the principal place of business.
  - b. A list of the people who prepared the response, including their titles.
  - c. The name, phone number, fax number, e-mail address and mailing address of a contact person who has authority to answer questions regarding the response.
2. Response to RFI Requirements, in order of appearance in RFI document
3. Other Supporting Materials/Documentation

Respondents may attach other materials that they believe may improve the quality of their responses.

#### 4.3 Electronic Copy of Response

Respondents should include an electronic version of their narrative response in editable form. This can be provided on CD-ROM. MS Word (2003 or newer) format is preferred. Only a single copy of the electronic submittal is needed.

### 5.0 REQUIREMENTS

#### 5.1 General Information

It is preferred that anyone responding to this RFI submit a Respondent Profile, as described below. However, a Vendor Profile is not required for submitting a response to this RFI.

Respondent Profile:

Subject to the limitations outlined in this RFI, Respondent shall summarize its experience in providing supply chain solutions for the procurement, storage, and distribution of pharmaceuticals in enterprises similar in size, scope and complexity to the state of Ohio requirements outlined herein. An indication of the size, scope and complexity of the experience should be provided. This should include only the work done by the Respondent. The role of the Respondent (primary or sub-contractor) in their past work for the State (or direct benefit of the State) should also be identified.

#### 5.2 Issue

Based on the procurement activities conducted, we believe we received the best possible pricing at the time the current method(s) were established. We also recognize that some factors may have changed since the current process was established, which may reduce the overall value to the State. Before implementing changes, we wish to ensure that the methods in place will continue to provide us with the best possible value. If the current methods are not providing us with the best possible value, we need to understand why and what options are available to proceed with an additional and/or replacement procurement method. We seek the assistance of the supplier community, including those currently holding state of Ohio contracts, to assess and understand the current environment in this specific area.

### 5.3 General Responses Requested

Respondents are requested to address the following questions in narrative form. Additional supporting information may be provided as attachments to responses and may be referenced from the narrative response, as appropriate. Respondents are invited to provide additional information as they deem appropriate. We recognize that Respondents may have different areas of expertise and interest, so it is not necessary to respond to each question. Please identify by question number (e.g. 5.3.1), each question you are addressing.

1. Are you a current supplier to the state? If not, why?
2. Based on your analysis of our current procurement methods/contract(s), is the state of Ohio, in your opinion, still receiving the best possible value? Please explain your answer.
3. What would you suggest be done differently?
4. Are there newer technologies or processes that the state of Ohio should be utilizing? If so, please describe.
5. Are there value added services that we are not receiving that we should be receiving? What are they? What are they worth and why?
6. What are the advantages/disadvantages of a single contract award in this category?
7. What are the advantages/disadvantages of multiple contract awards in this category?
8. What are the advantages/disadvantages of purchasing directly from drug manufacturers?
9. What non-price issues are associated with obtaining the "best value" for the State? How should they be quantified for fair comparison purposes?
10. How can the quality of the products (or services) be fairly measured and compared?
11. How can we quantify and fairly compare the value of proposed products and services?
12. What can the State do to make it possible for potential contractors to pass on additional cost savings?
13. If the State's pharmaceutical requirements were advertised in an ITB or RFP, what would you suggest be included, at no additional cost to the State, that is not provided by the existing procurement methods/contracts?
14. Please provide a generalized cost analysis (such as manufacturer cost, your cost, and our cost) for pharmaceutical purchasing. Where are the potential cost savings?
15. How can the State involve more Ohio suppliers and still achieve great prices/values?
16. Should this RFI be followed by an RFP, what key characteristics should we consider when evaluating the offerors that respond to any RFP we may issue regarding pharmaceuticals?
17. What changes do you anticipate in the market in the next 12-24 months that might impact our contracts for pharmaceuticals?
18. How can the state of Ohio's pharmaceutical purchasing and distribution be improved to achieve its objectives?
19. Respondents should identify topics or issues regarding this category not addressed by this RFI that they believe are important to address in any future solicitation(s), and offer input on those topics or issues.

Although many of the questions listed above address the possibilities offered by wholesale drug distribution / supply chain services, we welcome and are open to all other types of ideas you may wish to offer for possible solutions.

6.0 WEB ADDRESSES REFERENCED IN RFI

- 6.1 LDC101 Pharmaceutical Contract: <http://www.procure.ohio.gov/proc/viewContractsAwards.asp?contractID=13174>
- 6.2 MAC060 Pharmaceutical Contract: <http://www.procure.ohio.gov/proc/viewContractsAwards.asp?contractID=8232>
- 6.3 MAC105 Pharmaceutical Contract: <http://www.procure.ohio.gov/proc/viewContractsAwards.asp?contractID=13220>
- 6.4 GPC009 Pharmaceutical Contract: <http://www.procure.ohio.gov/proc/viewContractsAwards.asp?contractID=13540>
- 6.5 Instructions, Terms and Conditions for Bidding, and Standard Contract Terms and Conditions, Supplemental Contract Terms and Conditions: <http://www.procure.ohio.gov/pdf/iandt13.pdf>
- 6.6 OPSC Formulary: [http://procure.ohio.gov/pdf/RFILDC101 Pharmacy Formulary.XLS](http://procure.ohio.gov/pdf/RFILDC101%20Pharmacy%20Formulary.XLS)
- 6.7 State Procurement Web site: <http://www.ohio.gov/procure>
- 6.8 LDC101 and MAC105 estimated usage quantities: [http://procure.ohio.gov/pdf/RFILDC101 MAC105 data.xls](http://procure.ohio.gov/pdf/RFILDC101%20MAC105%20data.xls)