FINANCIAL PROTECTIONS AND TRANSPARENCY

It is the goal of the Procuring Agencies to select an Offeror that provides clinically sound Program Services in a manner that aligns the financial interests of the Programs and the Offeror. The Procuring Agencies expect a commitment to full transparency which provides a level of confidence otherwise not present as undisclosed agreements with manufacturers and/or pharmacies can create real or perceived conflicts between the interests of the Programs and the Offeror. The receipt of revenue or other non-revenue considerations not related to the Programs' utilization from pharmaceutical manufacturers or other entities involved in the provision of drugs to Program Enrollees/Claimants is not a disqualifying factor provided the Offeror 's business model protects the clinical and financial interests of the Programs and eliminates real or perceived conflicts of interests. Detailed disclosure of such relationships is necessary to fully evaluate the value of the Offeror's Proposal both for 2019 and for the remaining years of the agreement resulting from this RFP.

Note: For the purposes of this Section III.G. and the information to be provided by Offerors in their Administrative Proposal, in regard to this Section III.G., the term "Offeror" shall mean the Offeror, the Offeror's Affiliate(s), Key Subcontractor(s), if any or a Key Subcontractor's Affiliate(s).

Confirmed.

The Offeror may be required to submit documentation in support of any attestations made as part of this responsibility determination. The responsibility determination will assess, but not be limited to, the following:

1. ALIGNMENT OF FINANCIAL INTERESTS

The Offeror's business model must align itself with the financial interests of the Programs.

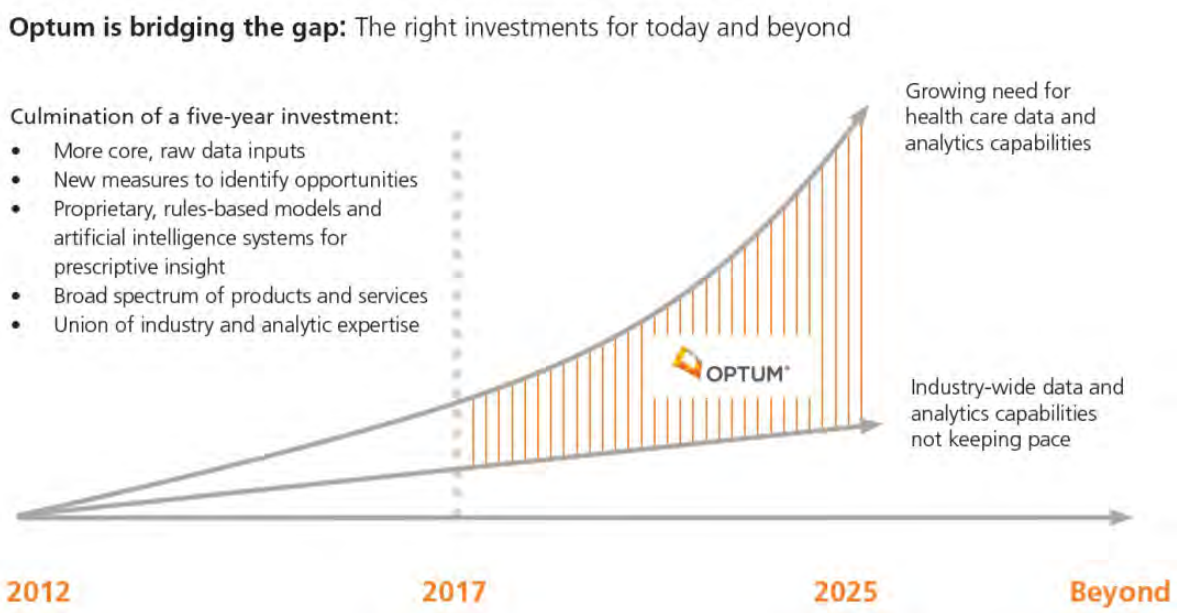
a. Alignment of Financial Interest Questions

(1) In detail, please describe how the Offeror's business model aligns itself with the financial interests of the Programs.

OptumRx has transformed our business strategy from a traditional PBM model to one focused on Pharmacy Care Services. This transformation uniquely positions us to align with the financial interests of the Programs both now and into the future.

Our Pharmacy Care Services model leverages the advanced data analytics capabilities of our broader Optum organization to go beyond the prescription – assessing and addressing the needs of the whole person to support each Enrollee's journey to better health and positively impact the total cost of care. Our approach focuses on transparency and digs deeper into the Enrollees' health needs to deliver greater clinical and financial value to the Programs and provides a lowest net cost approach that aligns with the Programs' financial interests. Our Pharmacy Care Services model enables us to act in the best interests of the Programs and positions us to manage pharmacy costs and impact 100 percent of health care spend.

As shown in the figure below, we are using advanced analytics capabilities, unique to our organization, to generate insights across the health care spectrum, delivering value by identifying patterns in care, quality and outcomes; consumer behavior; cost, risk and utilization; and delivering operational performance that keeps our model accountable to the Programs' financial interests.



By pioneering a new age of advanced data analytics, Optum is able to spot and mitigate the Programs' cost trends earlier and use analytical insights to engage Enrollees with personalized interventions during times when they are most likely to act on health improvement opportunities.

OptumRx's Pharmacy Care Services business model provides a range of key financial alignment benefits to the Programs, including:

- We operate independently of pharmaceutical and retail chain companies, enabling us to act in the Programs' best interest, and the best interests of your Enrollees, when we steer them to the most clinically appropriate and cost effective site of care. We have an easily accessible national and local independent retail pharmacy network, along with dependable mail-order services, that allows us to appropriately meet the prescription and specialty needs of Program Enrollees.

- We will work collaboratively with UnitedHealthcare, and the Programs' other vendors, to integrate and exchange data, enabling faster outreach and interventions that improve Enrollee care and reduce costs for the Programs.

- We engage physicians with prescriber-based profiling analytics and education that gives them a clearer and actionable set of insights into their individual prescribing patterns versus those of their peers and compared to industry best practices.

- We connect physicians with innovative technology that gives them real-time access to critical decision-making information on formulary, eligibility, safety, member cost and prior authorization requirements–*while the patient is in the office*–lowering cost, improving care and delivering a better Enrollee experience.

- Our industry relations team negotiates rebate contracts with 104 pharmaceutical manufacturers and has price protection for 99 percent of drugs. We use a competitively differentiated methodology to bring the most value and predictability of pharmacy spend to the Programs.

- To provide full transparency on OptumRx's pharmaceutical manufacturer interactions, OptumRx invites the Programs to participate in our Rebate Roundtable, a research and discussion function where our Formulary Consulting Group (FCG) will review and evaluate your plan designs and utilization for opportunities to improve clinical outcomes and generate savings through rebates or lowering net costs on a quarterly basis. Working closely with the Programs, the FCG will provide pricing and rebate transparency, present estimates for future rebates, and compare achieved savings coupled with the associated strategies and assumptions used to model estimates across multiple therapeutic categories, each quarter.

- We address the high cost of specialty drugs through a holistic view of the Enrollee based on pharmacy and medical claims data analytics that identify clinical gap closure opportunities, adherence, education and total cost of care. We provide an enhanced level of clinical management for Enrollees taking specialty drugs/medications. Additionally, on an ongoing basis, we monitor the Programs' spend, trend, adherence, and other metrics, so we can continually shape your pharmacy benefit in line with your financial interests. We will also keep the Programs aware of impending specialty trends, including the best ways to manage compound drugs.

- We provide targeted clinical programs—including retrospective drug utilization review (RDUR), concurrent drug utilization review (CDUR), medication adherence, medication therapy management (MTM), compound management and opioid risk management—all designed to enhanced Enrollee engagement through informed interventions from analytics that give a broader view of individual health needs. We recently worked with a large health plan in the Northeast to conduct a randomized trial of our MTM and RDUR programs, delivering MTM and/or RDUR interventions to the treatment group within the health plan's commercial population. Using 12 months of medical and pharmacy claims to compare financial outcomes between the treatment group and control group, we observed more than $240 in total health care cost savings per member per year driven primarily by reductions in emergency room visits and inpatient admissions.

- We will deliver a concerted Opioid Risk Management clinical strategy, coordinated across the spectrum of patient care, to help address opioid abuse in New York. Our approach has generated an 82 percent decrease in prescriptions above the CDC guideline recommended dose for first fill acute prescriptions and a 65 percent decrease in prescriptions for first-fill acute opioid treatment written above the maximum 7-day supply

- Together with Optum Workers' Comp and Auto No-Fault, OptumRx is pioneering connectivity between pharmacy data and workers' compensation claims analytics. We have a unique opportunity to bridge the divide that traditionally exists in the market between these two benefits through our differentiated ability to analyze and gain insights from both pharmacy and workers' comp claims data. With the Programs' and Enrollees' collaboration, we can gain better visibility into comorbid conditions, pre-existing conditions, potential therapeutic duplication and undesirable drug-drug interactions, while advancing smarter, more informed Enrollee health care decision-making that generates better health outcomes.

We are committed to driving competitive financial performance and value to the Programs and are fully transparent and accountable to the Programs' financial interests. Our transformative Pharmacy Care Services model goes beyond the traditional PBM approach of simply driving down unit cost while managing distribution and consumption to one that adds more value to Enrollees, the Programs and the overall health system. Our business model aligns with your financial interests to control costs while promoting health through competitive administrative fees, transparent pricing, promotion of generic medications, effective discount and rebate practices, comprehensive clinical programs, and efficient processes that include a laser focus on fraud, waste and abuse. Our model aligns with the Programs' goals for managing pharmacy spend and overall cost of care.

(2) Please list and describe aspects of the Offeror's business model that may be perceived to have a conflict of interest with the Programs. For each conflict of interest identified by the Offeror, please describe what firewalls and/or other controls, policies and procedures that a reasonable person would expect to provide corrective or mitigating action to adequately safeguard or protect the Procuring Agencies against any conflict of interest that have been or will be implemented by the Offeror.

At this time, OptumRx has not identified any perceived conflicts of interest with the Programs. OptumRx has no ownership in or by drug manufactures, retail chain or independent pharmacies. We own our home delivery and specialty pharmacies, but will not promote or solicit Enrollee utilization outside of the Programs' design and intent. Our transparent, full pass-through offer confirms that the only source of revenue we receive from the Programs is through the administration fee. We are channel agnostic on where Enrollees fill their prescriptions.