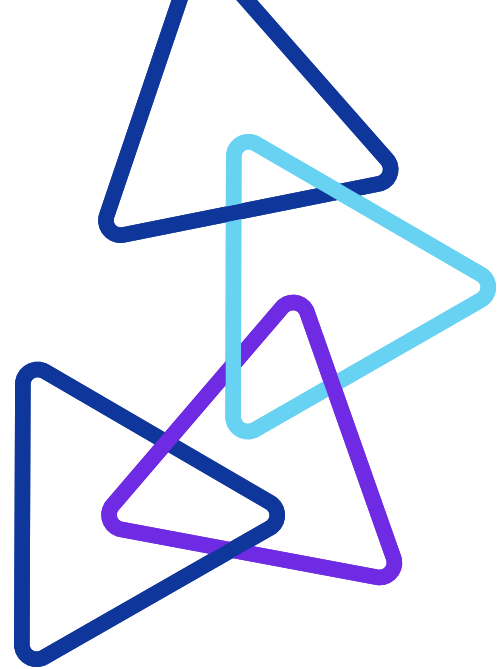



The top half of the image features a repeating geometric pattern of interlocking triangles and diamonds in light blue, yellow, and purple. In the top-left corner, there is a purple rectangular box containing the text "AIDS DRUG ASSISTANCE PROGRAM" in white, uppercase, sans-serif font.

AIDS DRUG  
ASSISTANCE  
PROGRAM

# Benefits Management Toolkit



## **Ryan White HIV/AIDS Program (RWHAP) Part B AIDS Drug Assistance Programs (ADAPs) often contract with third parties to provide pharmacy and other related services to their clients.**

This tool is meant to assist RWHAP ADAPs in understanding the role of benefits managers. It includes critical considerations for planning, selecting, and implementing a benefits management contract to address an ADAP's specific infrastructure, systems, and needs. Whether you are a new or seasoned ADAP administrator, it is essential to understand your options when selecting contractors, including benefits managers. This toolkit includes:

1. Definitions of key benefits management terms
2. Things to consider about the benefits management needs of your program
3. Checklists and templates to complete based on your jurisdiction's benefits management needs
4. Examples of how other states have implemented benefits management services
5. Suggestions for developing relationships with state or territorial fiscal/procurement staff

Examples of RWHAP Part B and ADAP requests for proposals (RFPs) and contracts are available via the NASTAD RWHAP Part B ADAP Resources repository.

## Types of Benefits Managers

**Third-party administrators (TPAs)** are independent companies or organizations that provide administrative services essential to a program's goals and operations. With respect to ADAPs, TPA services can generally be divided into three categories:

- **Pharmacy services provided by Pharmacy Benefits Managers (PBMs):** Services include establishing a network of pharmacies that distribute drugs to uninsured ADAP clients, negotiating contracts with wholesalers and pharmacies, and processing the payments for outpatient prescription drugs on the ADAP's formulary to program clients. For ADAP-funded insurance program clients, PBMs may coordinate deductible, copayment, and coinsurance payments to network pharmacies, establish a network of pharmacies that accept ADAP cost-sharing payments, and processing claims data to support ADAP rebate invoice submissions.
- **Insurance benefit coordination services provided by Insurance Benefits Managers/Administrators (IBMs/IBAs):** Services may include working with the state ADAP to select insurance plans that comply with HRSA HAB requirements (see [Policy Clarification Notice 18-01](#), "Clarifications Regarding the Use of Ryan White HIV/AIDS Program Funds for Health Care Coverage Premium and Cost Sharing Assistance") and facilitate insurance enrollment and premium payments for ADAP clients. Where a PBM is not contracted by the ADAP to provide cost-sharing payments to network pharmacies and process claims data to support ADAP rebate submissions, an IBM may provide this service.
- **Medical benefits coordination provided by Medical Benefits Managers (MBMs):** Services include the facilitation of deductible, copayment, or coinsurance payments for services typically covered as a medical benefit by insurers, including cost sharing associated with long-acting injectables and other provider-administered drugs. MBMs can also support ADAPs in coordinating outpatient prescription drug and medication administration payments made directly to clinicians providing care to full-pay ADAP clients, including medications purchased by clinics, and establishing a network of providers that accept ADAP payments for medications administered to full-pay ADAP clients.

TPAs can also be used to provide broader services to ADAPs in addition to the benefits management support they provide. States and territories may choose to use a TPA to provide administrative claims adjudication, pharmaceutical claims adjudication services for full payment of medications, and insurance claims adjudication services. Reasons ADAPs contract with a TPA include reducing administrative costs and improving the efficiency of services provided to clients. TPAs are considered a direct service, so their costs do not count against the RWHAP Part B ten percent administrative cap.



### WORKSHEET:

IN-HOUSE VS.  
CONTRACTED  
SERVICE



**Pharmacy Services:** PBMs help streamline your program’s pharmacy operations and ensure clients have efficient access to medications on the ADAP formulary. Some standard services PBMs provide to ADAPs include:

	Establishing and maintaining a network of pharmacies (both 340B contract pharmacies for direct purchase ADAPs and retail pharmacies for rebate ADAPs)
	Reimbursing pharmacies for full-pay medication program dispenses and payment of deductible, copayment, or coinsurance associated with the dispensing of medications primarily covered by client’s insurance plans
	Pharmacy claims data collection, processing, and submission to manufacturers for rebate payments
	Manufacturer rebate payment forecasting, reconciliations, and dispute resolution support
	Developing, implementing and maintaining 340B Drug Pricing Program compliance and oversight processes, including purchasing and administration
	Transferring electronic data with other payers
	Establishing dispensing rules based on the ADAP structure
	Assisting the ADAP in formulary design and maintenance, including covered drugs, exclusions, utilization management (e.g., prior authorization), and drug use reviews
	Continuous electronic health care coverage eligibility checking
	Conducting pharmacoeconomic studies
	Providing patient education and adherence support
	Providing benefits card



**What services do you think would most benefit your ADAP? Check them off!**

#### **ADDITIONAL SERVICES INCLUDE:**

- Assisting with eligibility screening to ensure payer of last resort
- Streamlining the ADAP prescription and payment delivery system, including inventory control
- Assisting with contract and compliance monitoring of pharmacies
- Developing, implementing, and maintaining an online claims processing database to track and approve medication dispensing claims
- Creating and submitting monthly invoices on behalf of the ADAP pharmacies with preapproved ADAP allowable claims
- Producing bi-weekly client-level data regarding the number of clients that picked up their medications on time
- Providing regular and as-needed drug utilization and expenditure data for analysis and reporting purposes
- Tracking rejected pharmacy claims to assess prescribing trends and inform ADAP for formulary consideration
- Conducting price-volume-mix analyses in support of budgetary and cost-containment goals
- Ensuring accurate third-party billing occurs at each dispensing transaction by rejecting medication dispensing claims submitted by pharmacists for clients with other insurance types

Client information utilized by contracted PBMs contains protected health information (PHI) and is often considered part of a client's medical record. This makes the data subject to privacy and confidentiality standards, including the Health Insurance Portability and Accountability Act (HIPAA). ADAPs must ensure its contracted PBMs utilize security and administrative controls to protect client information. Additionally, ADAPs may need to share confidential ADAP pricing terms with contracted PBMs so that they may accurately complete their contracted responsibilities. ADAP administrators should work with their legal counsel to determine the appropriate language pertaining to PHI and other confidential data that should be included in contracts.



**Insurance Benefit Coordination Services:** Insurance benefits coordination can be supported by an Insurance Benefits Manager/Administrator (IBM or IBA). Some standard services provided by an IBMs/IBAs to ADAPs include:

	Enrolling clients in health care coverage, including ADAP-selected Marketplace and off-Marketplace insurance plans, and maintenance of eligibility
	Assisting ADAP with plan selection in accordance with legislative and HRSA HAB requirements ( <a href="#">PCN-18-01</a> )
	Managing a timely health care coverage premium payment process
	Establishing and maintaining a network of pharmacies that accept cost-sharing payments
	Reimbursing medication claims
	Providing benefit cards

#### ADDITIONAL SERVICES INCLUDE:

- Assisting in streamlined enrollment in public or private insurance
- Coordinating with public and private insurance providers
- Increased tracking of the payment of insurance premiums, deductibles, coinsurance, and copayments
- Managing manufacturer rebate processing
- Assisting with claims data and aggregate reporting to submit to manufacturers to begin receiving rebates
- Developing, implementing, and maintaining an online claims processing database
- Ensuring accurate third-party billing occurs at each dispensing transaction



**Medical Benefit Coordination Services:** Some standard services MBMs provide to ADAPs include:

	Facilitating payments to medical providers administering outpatient prescription drugs to full-pay medication program clients, including the cost of the medication(s)
	Generating payments to medical providers for costs associated with administering and office visits required for long-acting injectable and other provider-administered antiretrovirals (see HRSA HAB <a href="#">Program Letter</a> )
	Making cost-sharing payments to medical providers administering outpatient prescription drugs to ADAP-funded insurance program clients, including deductibles, copayments and coinsurance requirements associated with coverage of the medication(s) as a medical benefit
	Providing cost-sharing payments to medical providers administering antiretroviral drug products, including deductibles, copayments and coinsurance requirements associated with the administration and office visits where the medications are covered as a pharmacy benefit and shipped to the clinic (see HRSA HAB <a href="#">Program Letter</a> on “Long-Acting Antiretroviral (ARV) Medication Guidance and Ryan White HIV/AIDS Program”)
	Establishing and maintaining a network of providers contracted to administer outpatient prescription drugs on the ADAP’s formulary
	Managing a timely health care coverage payment process
	Developing relationships with third-party payors to facilitate payment of services
	Understanding of health care coverage plan options available
	Developing, implementing, and maintaining online claims processing database
	Providing benefit cards



**WORKSHEET:**

ADAP PROGRAM  
PRIMARY  
REQUIREMENTS





## The Competitive Process

Most jurisdictions require a competitive process for contracts, including for a TPA. The goal of any competitive procurement is to collect the information needed to ensure the best candidate is selected through a process that is transparent and unbiased. It is important that teams at both the program and state levels are involved at the onset to ensure compliance with federal and state procurement rules. Your procurement chief will be an essential team member to guide the competitive process in a way that will secure the best vendor. The procurement team will also assist with the tools required to evaluate the mandatory and preferred conditions required for all bidders. In addition, the procurement team will guide the program to ensure the contract is price-competitive and cost-efficient for the program.

### REQUIREMENTS GATHERING

The first step in securing a TPA is identifying your program's needs to create a scope of work (SoW) that all competitive process respondents must meet. A structured requirements-gathering process involves three key components:

1. **Stakeholder Engagement:** Engage stakeholders (health department staff, providers, case managers, etc.) through methods like conversations, focus groups, and needs assessments to understand their needs, preferences, and concerns. Seek input from other health programs and ADAPs for insights on essential services and best practices.
2. **Scope of Work:** Based on stakeholder feedback, develop a detailed scope of work (SoW) outlining required tasks and deliverables. Consider timeframes, costs, and scalability, and prioritize essential services. Review with key stakeholders, but ultimately, the decision is yours.
3. **Documentation and Clarity:** Ensure the competitive process is clearly written, avoiding jargon and providing examples. Follow your jurisdiction's procurement process and specify how proposals will be evaluated, ensuring the process reflects your program's needs and expectations.

Effective requirements gathering lays the groundwork for a successful competitive or sole-source process by helping vendors understand your program's needs and submit relevant proposals.

## TYPES OF REQUESTS

If you initiate a competitive process, what type of request does your program release?

A **request for application (RFA)** is an open request to announce that funding is available. An RFA informs vendors that they may present bids on how that funding could be used.

A **request for information (RFI)** is an open request to collect general information on a vendor's ability to deliver the scope of work on time.

A **request for proposal (RFP)** is an open request for bids to complete a specific new or recurring scope of work proposed by your program. It is intended to create a competitive process to encourage various vendors to propose how they would implement the scope of work.

A **request for quotes and qualifications (RFQQ)** is an open request for the cost a vendor would assess for a specific work set. The vendor must prove their capability to meet the qualifications outlined in the RFQQ.

## SOLE SOURCE ALTERNATIVE

The alternative to a competitive process is to create a sole source or direct contract. It is less common for a health department to issue a contract without a competitive process. However, it is possible if there is only a single business that you believe can fully meet the needs of your program and the requirements of what would be included in the competitive process. Your health department will likely announce the intention to issue a sole source or direct contract.



## SCOPE OF SERVICES

Whereas a SoW is an internal document for planning purposes, a scope of services (SoS) is a contract-level document outlining the overall services to be provided by a TPA. An SoS can be broad or specific as required to effectively define the role of the contracted TPA.

### 1. Some considerations when drafting the SoS include:

- Operational and Pricing Considerations:
- Ensuring the contract language stresses that the PBM/IBM and all subcontractors/pharmacies act as agents on the ADAP's behalf and, therefore, must maintain compliance with RWHAP legislation, HRSA/HAB policies, and state and federal law
- Determining how often the contractor will be reimbursed for insurance-related costs
- Determining how you negotiate the best price for the contract and how you establish a pricing structure
- Determining the administrative fee for the PBM/IBM processing rebate claims
- Determining whether ADAP will use a local community-based organization (CBO) to make payments, and, if so, whether up-front costs to the CBO are necessary
- Conferring with other ADAPs about the existing costs of negotiated contracts to ensure a fair and reasonable price
- Determining if you will have one flat fee or variable fees (i.e., monthly, per claim, percentage of expenditure). Factors to consider in negotiations include:
  - Full-pay medication ADAP clients versus clients with insurance
  - Brand name medications versus generic
  - Antiretrovirals (ARVs) medications versus non-ARVs
  - In-network versus out-of-network pharmacy
  - Retail pharmacy versus mail-order delivery (may include shipping costs)

## **2. Rebate Considerations**

- Whether you want your contractor to file for, collect, and reconcile rebates on behalf of your program
  - The contractor can process rebate claims and drug pricing verification, but regular audits and reviews are essential to ensure accuracy

## **3. Data System Considerations**

- Determining if the data system for the PBM/IBM will be independent or integrated into existing program data systems
  - Evaluating the costs of integrating with systems versus using a new independent system.
- Ensuring the security of the data system, including how pertinent staff gain access
  - Determining how the PBM/insurance benefit manager utilizes security and administrative controls to protect client information

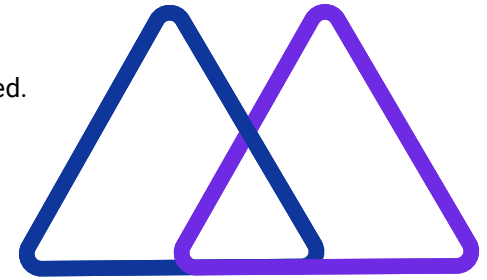
## **4. Report Development Considerations**

- Determining who will run required and specialty data reports (i.e., the PBM/IBM or ADAP staff)
- Determining whether ADAP staff can query information at any time, or will requests for data have to be formally made
- Ensuring all reporting needs and costs are determined before contract signing.
  - Data reports are commonly included in the service fees, but additional costs may be associated with new data requests

Once you have completed a defined SoS, you can complete your jurisdiction's procurement process and publish the competitive request application. Be sure to consult with your chief procurement officer about the length of time it should be published. Customary timeframes are 45-60 days (about 2 months).

## Key Considerations IN SELECTING a Contractor

State procurement processes outline how applications are reviewed, scored, and the best vendor selected. It's important to understand whether the lowest cost proposal is required or if an evaluative measure can be used to select the best fit for your program's needs. The procurement team composition is key, including subject matter experts (SMEs) from the RHWAP team, a quality manager, fiscal expert, procurement lead, and the state chief procurement officer or designee. A strong team should have broad knowledge of the program's needs and the state's procurement process.



Selecting the right contractor from a competitive process is critical for project success. The following are steps to guide the decision-making process:

<b>Proposal Evaluation Criteria</b>	<b>Review proposals:</b> Assess each submitted proposal based on predetermined evaluation criteria. These may include technical expertise, relevant experience, financial stability, and alignment with project goals.
	<b>Weighted scoring:</b> Assign weights to different criteria to prioritize their importance. For instance, technical competence or the ability to provide multiple functions might carry more weight than cost.
	<b>Objective assessment:</b> Evaluate proposals objectively, avoiding biases or favoritism.
<b>References and Past Performance</b>	<b>Contact references:</b> Contact the references provided by each respondent and inquire about their experience working with the respondent, adherence to timelines, and overall satisfaction.
	<b>Review past projects:</b> Investigate the respondent's track record. Did they deliver similar projects successfully? Were there any issues or delays?
<b>Financial Viability and Cost</b>	<b>Financial stability:</b> Assess the respondent's financial health. A financially stable respondent is less likely to face disruptions during the project.
	<b>Cost analysis:</b> Compare proposed costs against the budget. Consider the initial bid and long-term costs (maintenance, support, etc.).
<b>Technical Competence and Innovation</b>	<b>Technical skills:</b> Evaluate the respondent's expertise in relevant technologies and methodologies.
	<b>Innovation:</b> Look for respondents who propose creative solutions and demonstrate adaptability.

<b>Communication and Collaboration</b>	<b>Communication style:</b> Consider how well the respondent communicates. Effective communication is crucial for project coordination.
	<b>Collaboration:</b> Assess the respondent's willingness to collaborate with your team and other stakeholders.
<b>Contract Terms and Legal Compliance</b>	<b>Contract clarity:</b> Ensure the contract terms are clear and cover deliverables, timelines, payment schedules, and dispute resolution.
	<b>Legal compliance:</b> Verify that the respondent meets legal requirements (licenses, insurance, etc.).
<b>Risk Assessment</b>	<b>Risk identification:</b> Identify potential risks associated with each respondent. Consider factors like project delays, quality issues, or unexpected costs.
	<b>Mitigation plans:</b> Discuss risk mitigation strategies with the respondent.

Selecting a contractor involves balancing technical competence, financial viability, and alignment with your project's vision. Choose wisely to set the project on the path to success!

## Key Considerations in How to Best Utilize a Contractor

ADAP coordinators play a pivotal role in engaging contractors in successful partnerships. Creating a partnership with a contractor can significantly enhance efficiency and outcomes. To make the most of their expertise, consider the following strategies:

<b>Contract Implementation</b>	<b>Collaborate</b> with the contractor during the initial planning phase. Clearly define the program's objectives, scope, and deliverables.
<b>Contract Development</b>	<b>Draft a comprehensive contract</b> that outlines roles, responsibilities, timelines, and payment terms.
	Specify <b>performance metrics</b> and <b>quality standards</b> to ensure accountability.
	Record any <b>project changes</b> in writing via a contract amendment or memoranda of understanding.
<b>Effective Communication</b>	<b>Maintain open communication</b> with the contractor throughout the project.
	Regularly review progress, address any challenges, and provide <b>constructive feedback</b> .

<b>Risk Management</b>	<b>Identify potential risks</b> associated with the contractor's work.
	<b>Develop contingency plans</b> to mitigate risks and ensure program continuity.
<b>Collaboration and Integration</b>	<b>Integrate the contractor into the team</b> to foster collaboration.
	<b>Encourage knowledge sharing</b> and cross-functional learning.
<b>Monitoring and Evaluation</b>	<b>Monitor contractor performance</b> against agreed-upon metrics.
	Regularly <b>assess outcomes</b> and adjust strategies as needed.
<b>Financial Management</b>	<b>Track expenses</b> related to the contractor's work.
	<b>Ensure timely payment</b> and adherence to budget constraints.

Let's dive a little deeper on three of these topics: contracting, collaborating, and monitoring.

### CONTRACTING:

If possible, participate in contract development to collaborate with procurement and fiscal offices, ensuring program decisions are reflected in the negotiations. Key considerations include:

- Understanding contract terms, pricing, and for-profit/non-profit status.
- Monitoring subcontractors and preparing for potential disagreements.
- Ensuring the contractor can meet RFP requirements and prioritizing monitoring, completion, and adherence to standards.
- Clarifying vendor data system integration responsibilities and technological compliance.

If you can't participate from the start, review the contract thoroughly, ask questions, and ensure clarity on program and contractor responsibilities. Consider:

- What is explicitly included in the contract?
- How will the contractor be held accountable?
- How will you monitor and coordinate with them?

## **COLLABORATING:**

Building strong relationships is key. While benefits managers have valuable experience with pharmacy, insurance, and medical benefits for RWHAP Part B and ADAPs, you are the expert on your program. Take time to understand their systems to maximize their value for your program. Collaboration tips:

- Fully utilize everything included in the contract.
- If an additional service is not included, inquire if it can be added.
- Establish regular calls to address urgent issues, review data, and coordinate contractors working on similar tasks.
- Designate a point person for each contractor.

## **MONITORING:**

Effective contract monitoring ensures compliance with terms. HRSA HAB expects programs to maintain monitoring processes. Best practices, like National Monitoring Standards, guide compliance but don't impose requirements. Key monitoring practices:

- Set clear monitoring expectations and processes for contractors.
- Create a checklist based on the contract and review it regularly.
- Add ongoing or unsatisfactory items to conference calls for further discussion.

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June 2025



WORKSHEET 1:

IN-HOUSE VS. CONTRACTED SERVICE

The table below contains the services you need to implement your program. Check off where you think the service falls – does your program complete the service in-house, or should/does your program contract that service out

Service	My program can do this in-house	My program should or does contract this out

[illegible]

WORKSHEET 2:

ADAP PROGRAM PRIMARY REQUIREMENTS

What do you need support with?	



<b>Why do you need that support?</b>	



<b>What type of entity might provide you with what you need?</b>	