COMPREHENSIVE PHARMACY MANAGEMENT SERVICES

1. PARTIES

The Montana Department of Corrections (DEPARTMENT) and **Diamond Pharmacy Services (CONTRACTOR)** enter into this Contract **(05-030-MSP)**. The parties names, addresses, telephone numbers, and Federal Employee Identification Number (Contractor only) is as follows:

Montana Department of Corrections
Montana State Prison (MSP)/Health Services
1539 11th Avenue
PO Box 201301
Helena MT 59620-1301
(406) 444-3930

Diamond Pharmacy Services
645 Kolter Drive

Indiana PA 15701-3570
(800) 882-6337
FEI# 25-1378278

DEPARTMENT AND CONTRACTOR, AS PARTIES TO THIS CONTRACT AND FOR THE CONSIDERATION SET FORTH BELOW, AGREE AS FOLLOWS:

2. DUTIES/RESPONSIBILITIES OF THE CONTRACTOR

CONTRACTOR agrees to provide the Comprehensive Pharmacy Management Services described in Attachment A of this contract and included herein.

3. COMPENSATION/BILLING

DEPARTMENT shall compensate CONTRACTOR for successful delivery of services (or goods), provided pursuant to Section 2, in the following manner:

A. DEPARTMENT shall pay CONTRACTOR the **"Actual Acquisition Cost"** of the drugs dispensed **PLUS 14.85%** and shall also pay a dispensing fee of **$0.00** per prescription dispensed.

B. On a monthly basis, CONTRACTOR will submit detailed invoices to DEPARTMENT, by facility, listing all prescriptions dispensed for the month. Invoices must accurately and separately represent the unit acquisition cost of drugs dispensed and the total number of prescriptions filled. Additional supporting data to determine appropriate pricing may be required by DEPARTMENT.

C. Price adjustments may be permitted at the time of contract renewal through a process of negotiation with the Contractor and the State. Any price adjustments must be based on demonstrated industry-wide or regional adjustments in the Contractor's costs. Publications such as the Federal Bureau of Labor Statistics and the Consumer Price Index (CPI) for all Urban Consumers may be used to determine the increased value.

D. DEPARTMENT agrees to pay CONTRACTOR within 30 days following receipt of a correct invoice.

E. DEPARTMENT may withhold payments to CONTRACTOR if CONTRACTOR has not performed in accordance with the terms of this Contract.

F. The Contract number must be referenced on all invoices and correspondence pertaining to this Contract.

4. AGENCY ASSISTANCE

To the extent possible, CONTRACTOR shall use its own facilities and equipment in providing the services set forth in Section 2. However, the parties recognize that services provided to DEPARTMENT may occur within the confines of a secure correctional facility necessitating the use of DEPARTMENT facilities and equipment including, but not limited to, access to inmate records, work space within a correctional facility, and telephone service (e.g., Montana State Prison and Montana Women's Prison do not allow wireless phones within facility).

5. TIME OF PERFORMANCE

This Contract shall take effect on February 15, 2005 and shall terminate on February 28, 2007, unless terminated earlier in accordance with the terms of this Contract. This Contract may, upon mutual agreement and according to the terms of the existing Contract, be renewed for a period not to exceed a total of five (5) additional years.

Upon expiration of this Contract, and in the absence of a new written agreement, the terms listed herein shall continue to govern the agreement between the parties until such time as a new Contract is signed.

6. LIAISONS AND NOTICE

A. Cathy Redfern (406-846-1320 ext. 2448), 500 Conley Lake Road, Deer Lodge MT 59722 or successor serves as DEPARTMENT'S liaison.

B. Mark Zilner, R.Ph. (800-882-6337 x1003), 645 Kolter Drive, Indiana PA 15701-3570 or successor serves as CONTRACTOR'S liaison.

C. All notices and invoices required in this Contract shall be in writing, properly addressed to the liaison in (A) and (B) above, mailed first-class, postage prepaid. All notices sent via U.S. Postal Service are deemed effective on the date of postmark. Notices and invoices mailed through another carrier (e.g., UPS or FedEx) are effective upon receipt.

7. OWNERSHIP AND PUBLICATION OF MATERIALS

All materials CONTRACTOR develops or utilizes (i.e., reports, spreadsheets, etc.) in performing the services set forth in Section 2 above shall be the sole property of DEPARTMENT.

8. COMPLIANCE WITH WORKERS' COMPENSATION ACT

Neither CONTRACTOR nor its employees are employees of the State. In accordance with sections 39-71-120, 39-71-401, and 39-71-405, MCA, Contractors are required to comply with the provisions of the Montana Workers' Compensation Act while performing work for the State of Montana. CONTRACTOR shall provide proof of compliance in the form of workers' compensation insurance, an independent contractor exemption, or documentation of corporate officer status and maintain such insurance, exemption, or corporate officer status for the duration of the contract. CONTRACTOR shall submit a copy of all renewals of expired insurance and exemptions to the State Procurement Bureau, 125 N. Roberts Street, P.O. Box 200135, Mitchell Building, Room 165 Helena, MT 59620-0135 and tothe Department of Corrections, Fiscal Bureau, Attn: Contracts Manager, PO Box 201301, Helena, MT 59620-1301.

9. HOLD HARMLESS AND INDEMNIFICATION

A. CONTRACTOR agrees that he is financially responsible (liable) for any audit exceptions or other financial loss to DEPARTMENT due to the negligence, intentional acts, or failure for any reason to comply with terms of this Contract.

B. CONTRACTOR agrees to protect, defend, and save the State, its elected and appointed officials, agents, and employees, while acting within the scope of their duties as such, harmless from and against all claims, demands, and causes of action of any kind or character, including the cost of defense thereof, arising in favor of CONTRACTOR'S employees or third parties on account of bodily or personal injuries, death, or damage to property arising out of services performed or omissions of services or in any way resulting from the acts or omission of CONTRACTOR and/or its agents, employees, representatives, assigns, subcontractors, except the sole negligence of the State, under this agreement.

10. INSURANCE

A. **General Requirements:** CONTRACTOR shall maintain for the duration of the Contract, at its cost and expense, insurance against claims for injuries to persons or damages to property, including contractual liability, which may arise from or in connection with the performance of the work by CONTRACTOR, agents, employees, representatives, assigns, or subcontractors. This insurance shall cover such claims as may be caused by any negligent act or omission.

Primary Insurance: CONTRACTOR'S insurance coverage shall be primary insurance as respect to the State, its officers, officials, employees, and volunteers and shall apply separately to each project or location. Any insurance or self-insurance maintained by the State, its officers, officials, employees or volunteers shall be in excess of CONTRACTOR'S insurance and shall not contribute with it.

Deductibles and Self-Insured Retentions: Any deductible or self-insured retention must be declared to and approved by DEPARTMENT. At the request of DEPARTMENT either: (1) the insurer shall reduce or eliminate such deductibles or self-insured retentions as respects the State, its officers, officials, employees, and volunteers; or (2) CONTRACTOR shall procure a bond guaranteeing payment of losses and related investigations, claims administration, and defense expenses.

B. **Specific Requirements for Professional Liability:** CONTRACTOR shall purchase and maintain occurrence coverage with combined single limits for each wrongful act of $1,000,000.00 per occurrence and $3,000,000.00 aggregate per year to cover such claims as may be caused by any act, omission, negligence of CONTRACTOR or its officers, agents, representatives, assigns or subcontractors. Note: if "occurrence" coverage is unavailable or cost prohibitive, CONTRACTOR may provide "claims made" coverage provided the following conditions are met: (1) the commencement date of the Contract must not fall outside the effective date of insurance coverage and it will be the retroactive date for insurance coverage in future years; and (2) the claims made policy must have a three year tail for claims that are made (filed) after the cancellation or expiration date of the policy.

Certificate of Insurance/Endorsements: A certificate of insurance from an insurer with a Best's rating of no less than A- indicating compliance with the required coverages has been received by the State Procurement Bureau, PO Box 200135, Helena MT 59620-0135 and the Department of Corrections, Contracts Manager, PO Box 201301, Helena MT 59620-1301.

CONTRACTOR must immediately notify DEPARTMENT of any material change in insurance coverage, such as changes in limits, coverages, policy status, etc. DEPARTMENT reserves the right to require complete copies of insurance policies at all times.

11. ACCESS AND RETENTION OF RECORDS

CONTRACTOR agrees to provide DEPARTMENT, the Legislative Auditor, or their authorized agents with access to any records necessary to determine Contract compliance, unless prohibited by state or federal confidentiality law (Ref. 18-1-118, MCA). CONTRACTOR agrees to create and retain all records supporting the services rendered and/or supplies delivered for a period of three years after either the completion date of this Contract or the conclusion of any claim, litigation, or exception relating to this Contract taken by the State of Montana or a third party.

12. PUBLIC INFORMATION

CONTRACTOR recognizes that this Contract may be subject to public inspection pursuant to Article 2, § 9 of the Montana Constitution. DEPARTMENT has a limited ability to assert a privacy interest in the subject matter of the Contract particularly with respect to information which is in the nature of a "trade secret" as the phrase is defined in federal law. In any event, CONTRACTOR agrees to hold DEPARTMENT harmless from any injury caused, in whole or in part, by the review of this agreement by an entity authorized to do so pursuant to Article 2, § 9 of the Montana Constitution.

13. ASSIGNMENT, TRANSFER AND SUBCONTRACTING

CONTRACTOR shall not assign, sell, transfer, subcontract or sublet rights, or delegate duties under this Contract, in whole or in part, without the prior written approval of DEPARTMENT. No such written approval shall relieve CONTRACTOR of any obligation of this Contract and any transferee or subcontractor shall be considered the agent of CONTRACTOR. CONTACTOR shall remain liable as between the original parties to the Contract as if no such assignment had occurred.

14. AMENDMENTS

All amendments to this Contract shall be in writing and signed by the parties.

15. COMPLIANCE WITH LAWS

CONTRACTOR must, in performance of work under the Contract, fully comply with all applicable federal, state, or local laws, rules and regulations, including the Montana Human Rights Act, the Civil Rights Act of 1964, the Age Discrimination Act of 1975, the Americans with Disabilities Act of 1990, and Section 504 of the Rehabilitation Act of 1973. Any subletting or subcontracting by CONTRACTOR subjects subcontractors to the same provision. In accordance with section 49-3-207, MCA, CONTRACTOR agrees that the hiring of persons to perform the Contract will be made on the basis of merit and qualifications and there will be no discrimination based upon race, color, religion, creed, political ideas, sex, age, marital status, physical or mental disability, or national origin by persons performing the Contract.

16. TERMINATION AND DEFAULT

A. DEPARTMENT may, by written notice to CONTRACTOR, terminate this Contract in whole or in part at any time CONTRACTOR fails to perform as required in this Contract.

B. Either party may terminate this Contract without cause by providing written notice to the other as described in this paragraph. The party desiring to terminate the Contract shall provide written notice to the other, which notice will establish a termination date not less than 30 days from the date of such notice. The termination of this Contract shall not limit any party's pursuit of remedies provided in this Contract or otherwise available under the laws of the State of Montana.

C. DEPARTMENT, at its sole discretion, may terminate or reduce the scope of this Contract if available funding is reduced for any reason.

D. Failure on the part of either party to perform the provisions of this Contract constitutes default. Default may result in pursuit of a remedy for breach of Contract including, but not limited to, monetary damages or specific performance.

17. CHOICE OF LAW AND VENUE

The laws of Montana govern this Contract. The parties agree that any mediation, arbitration or litigation concerning this Contract must be brought in the First Judicial District in and for the County of Lewis and Clark, State of Montana, and each party shall pay its own costs and attorney fees (Ref. 18-1-401, MCA).

18. LICENSURE

CONTRACTOR agrees to provide copies of current licenses and certifications that register CONTRACTOR and any associates performing under this Contract.

19. ARBITRATION

Any Claim arising out of, or related to, this Contract shall be settled by binding arbitration in accordance with the commercial arbitration rules of the American Arbitration Association. Judgment on the award rendered by the Arbitrator may be entered in any court having jurisdiction thereof.

20. INTEGRATION

This Contract contains the entire agreement between the parties and no statement, promises, or inducements made by either party or agents thereof, which are not contained in the written Contract, shall be binding or valid. This Contract shall not be enlarged, modified, or altered except upon written agreement signed by all parties to the Contract.

21. SEVERABILITY

A declaration by any court, or any other binding legal source, that any provision of this Contract is illegal and void shall not affect the legality and enforceability of any other provision of this Contract, unless the provisions are mutually dependent.

22. HEALTH INSURANCE PORTABILITY AND ACCOUNTABILITY ACT (HIPPA)

In the event CONTRACTOR is determined to be a "covered entity" under the Health Insurance Portability and Accountability Act of 1996 (HIPAA) and its accompanying regulations, Contractor and State will comply with the rules and regulations and any applicable future rules, regulations, and standards adopted by the United States Department of Health and Human Services that relate to HIPAA.

23. COMPLETED CONTRACT

DEPARTMENT cannot disburse any payments under this Contract until a fully executed original Contract is returned to the Department of Corrections, Fiscal Bureau, PO Box 201301, 1539 11th Avenue, Helena, MT 59620-1301.

SIGNATURE

DEPARTMENT

Mike Mahoney, Warden
Montana State Prison

2/17/05
Date

CONTRACTOR

Mark Zilner, R.Ph., Director of Operations
Diamond Pharmacy Services

2/9/05
Date

Approved for Legal Content by:

Legal Counsel
Department of Corrections

2-16-05
Date

Approved as to Form:

Brad Sanders, Chief
State Procurement Bureau

2/17/05
Date

ATTACHMENT A

SCOPE OF SERVICES – COMPREHENSIVE PHARMACY MANAGEMENT

1.0 STARTUP OF SERVICES

The Department will provide the Contractor with paper copies (electronic copies if possible) of patient drug records to facilitate a seamless transition in start-up services. This will include approximately 2,500 offender records.

2.0 FACILITY INFORMATION

Listed below are all the facilities that will be participating in this contract. **EXCEPTION** – The Regional Prisons (Cascade County, Dawson County, and MASC) contract with MDOC to provide services to MDOC offenders, but are not required to purchase goods/services from the pharmacy provider selected by MDOC. They reserve the option to enter into a separate agreement with the selected Contractor with the same prices, terms, and conditions as contained in this contract. The Department will not be a party to said contracts.

Montana State Prison (MSP) is located at 500 Conley Lake Road, Deer Lodge MT 59722. It is a medium to maximum-security prison for adult, male offenders. Medical, dental, nursing, and mental health services are provided through a combination of department-employed personnel and local providers.

Treasure State Correctional Training Center (TSCTC) is a "boot camp" operation for adult, male offenders. The facility is located on the MSP property and all medical services are provided through a part-time nurse and MSP medical staff.

Montana Women's Prison (MWP) is located at 701 South 27th Street, Billings MT 59101. It is a medium to close-custody prison for adult, female offenders. All medical, dental, nursing, and mental health services are provided through local contractors.

Pine Hills Youth Correctional Facility (PHYCF) is located at 4 North Haynes, Miles City MT 59301. It is a youth correctional facility for juvenile, male offenders. Medical, dental, and mental health services are provided through local contractors.

Riverside Youth Correctional Facility (RYCF) is located at 3700 Highway 69, Building 13, Boulder MT 59632. It is a youth correctional facility for juvenile, female offenders. This facility maintains full-time registered nursing personnel. Medical, dental, and mental health services are provided through local contractors.

Alternatives, Inc. (Billings PRC) is located at 3109 1st Avenue North, Billings MT 59101. This facility operates as a pre-release center for adult offenders – both male and female. Services are provided under contract with the Department.

Community, Counseling, and Correctional Services, Inc. (Butte PRC) is located at 81 West Park Street, Butte MT 59701. This facility operates as a pre-release center for adult offenders – both male and female. Services are provided under contract with the Department.

Great Falls Transition Center (Great Falls PRC) is located at 1019 15th Street North, Great Falls MT 59401. This facility operates as a pre-release center for adult offenders – both male and female. Services are provided under contract with the Department.

Helena Pre-release Center (Helena PRC) is located at 805 Colleen Street, Helena MT 59601. This facility operates as a pre-release center for adult offenders – both male and female. Services are provided under contract with the Department.

Missoula Correctional Services, Inc. (Missoula PRC) is located at 2350 Mullan Road, Helena MT 59808. This facility operates as a pre-release center for adult offenders – both male and female. Services are provided under contract with the Department.

Connections Corrections Program is located at 111 West Broadway, Butte MT 59701. This is a 60-day treatment facility for adult offenders – both male and female. Services are provided by Community, Counseling, and Correctional Services, Inc. under contract with the Department.

Cascade County Regional Adult Detention Center is located at 3800 Ulm North Frontage Road, Great Falls MT 59404. This is a County facility that contracts with MDOC to provide beds for up to 152 adult, male offenders. This facility utilizes contracted staff to provide medical, dental, mental health, and nursing services.

Dawson County Adult Detention/Corrections Facility is located at 440 Colorado Boulevard, Glendive MT 59330. This is a County facility that contracts with MDOC to provide beds for up to 144 adult, male offenders. This facility utilizes contracted staff to provide medical, dental, mental health, and nursing services.

Missoula County Detention Center (aka Missoula Assessment and Sanction Center (MASC)) is located at 2340 Mullan Road, Missoula MT 59808. This is a County facility that contracts with MDOC to provide beds for up to 144 adult, male offenders and serves as an Assessment and Sanction Center for MDOC. This facility utilizes contracted staff to provide medical, dental, mental health, and nursing services.

WATCh is located at Box G, Warm Springs MT 59756. This program treats 4th offense (and greater) DUI offenders - both male and female. Services are provided by Community, Counseling, and Correctional Services, Inc., under contract with the Department. This facility contracts to provide all aspects of medical, dental, mental health, and nursing services.

County Jails are located throughout Montana. There are 56 counties in Montana, but currently only 37 provide adult detention services to the Department. However, not all jails provide pharmacy services to State inmates. Generally, only 10 of these 37 County jails actively provide medications to State offenders.

3.0 SUBMISSION OF PHARMACY ORDERS

The Contractor shall:

1. At no additional cost, provide each facility (except County jails, Connections Corrections, and Pre-release Centers), as necessary, with a facsimile machine for submission of pharmacy orders. Consumable supplies and maintenance of said machine shall be the responsibility of MDOC or the facility operator, as appropriate. These machines will be primarily used for

transmission/reception between the Contractor and the facility, but may also be used for other medical related purposes only.

2. Provide the Department with a toll-free number for ordering pharmaceuticals by fax and by telephone.

3. On a daily basis, receive orders placed by staff from each facility.

4. Provide appropriate medical staff at each facility with access to current medication information of any offender in the MDOC system. **In emergent situations, such access will require the Contractor to provide offender medication profiles within 30 minutes of request.**

4.0 PACKAGING OF MEDICATIONS/ORDERS

The majority of all prescriptions will be written as one-year scripts with automatic monthly refills, unless otherwise stated herein.

EXCEPTIONS –

MSP - The majority of prescriptions at MSP are written as one-year scripts with automatic renewals at **28-days.** This may require the Contractor to fill partial blister cards, as new orders are written. Contractor may provide MSP with an alternate system that meets the needs of the facility. Any change will be by mutual agreement.

County Jails - County jail inmates on "hold" status are those inmates awaiting transfer to a MDOC facility. They have been sentenced to MDOC. Until transferring out of the County, MDOC is responsible for their medications. When the inmate is transferred or sentenced with a valid prescription that they are currently taking, MDOC will continue that medication. Most of the time, the inmate has resided in that County jail awaiting trial or sentencing and is already on the medications provided by the county. When sentencing occurs, refills will be provided by MDOC upon review by the Managed Care Nurse in coordination with the Medical Director. Inmates are first verified as MDOC, medications are reviewed, and authorization to fill or not to fill the prescription is completed. Any new medications or requested medication changes will require the Medical Directors approval or a clinic visit for the prescription. This is done through the pre-authorization process between the County jails and MDOC. Medications will be requested from the Contractor by the County jails directly. The inmate will have an adult offender number (AO number) upon sentencing and this number will be his identification number while under the supervision of MDOC. Medications will be sent directly to the County jails and billed to MDOC.

Contractor shall immediately contact the MDOC Managed Care Registered Nurse via telephone or by e-mail when a prescription request is not being filled for any reason, including lack of compliance with the formulary. Any questions or verification will be directed to the MDOC Managed Care Registered Nurse.

Pre-Release Inmate Workers – Pre-release centers located throughout the State have inmate workers that are the responsibility of MDOC. The number of inmate workers at the five pre-release centers across the State is capped at 34 total inmates. Medications are sent directly to the centers by the Contractor and billed to MDOC after the same verification process occurs. These inmates have an AO number as mentioned above and reside in the center for long time periods. The medications will usually be on-going or chronic and if acute, ordered after an appointment or clinic visit by a prescribing provider. Case Managers are assigned to each inmate worker so a contact person is available. All

questions or verification will be directed to the Managed Care Nurse for MDOC. MDOC also approves "special needs" inmates that enter pre-release centers. The number of allowed "special needs" cases in pre-release has been capped at 20 throughout the State. These residents often have medical and psychological disabilities that require expensive medications. Ideally, it would be beneficial for the Centers to be able to order prescriptions through their local provider or after review by the Managed Care Nurse in coordination with the Medical Director.

Connections Corrections Program - This is a 60-day treatment program for MDOC inmates. Inmates are sent to this program from adult prison facilities and from community-based diversion programs. The process is similar for County jail inmates. Contractor shall provide a 60-day supply for these inmates when they transfer to the program, as well as a 30-day supply when they complete the program and are released to the community.

4.1 Packaging of Medications

1. The majority of all medications shall be packaged in unit-dose blister cards that include a 2-part, peel off reorder label. Additional, specific packaging requests will be individually addressed by each facility – based upon the needs of the offender and the facility and the packaging ability of the Contractor.

2. All packaging shall be labeled as a prescription and shall include, at a minimum: patient name, AO number, facility location (i.e., MSP – low side), date, medication name, strength, instructions, prescription number, dosage, lot number, directions (frequency of administration), expiration date, prescribing physician, quantity, pharmacist's initial, and appropriate warnings, dietary instructions, and/or other information as required by law.

4.2 Emergency Orders

1. Within 90 days after award, the Contractor shall provide MDOC with the name, address, telephone number and contact person at a local pharmacy (near each facility) to act as a back up pharmacy for emergency prescriptions.

5.0 FORMULARY

The Contractor shall:

1. Immediately following award of the bid, assist MDOC personnel (Department Medical Director, Health Services Manager, Managed Care Coordinator, and designated physicians) in the development, implementation, and compliance of a formulary designed to control drugs and to reduce drug expenditures. **MDOC will provide the Contractor with an approved formulary not later than January 15, 2005.**

2. Monitor and review the drug prescription practices and recommend formulary changes, as appropriate.

3. Work with MDOC to limit non-formulary prescribing by its physicians and mid-level professionals. However, the Contractor shall allow for the timely delivery of non-formulary medications when prescribed by a licensed professional for the individual care of a specific patient when medically necessary, and based on sound medical and scientific information.

4. Communicate and consult with the MDOC Medical Director and prescribing professionals at each facility on matters of non-formulary use and drug contraindications and suggest substitutions.

5. Dispense cost effective, therapeutically equivalent, generic medications in order to reduce costs.

6.0 EDUCATION/TRAINING

The Contractor shall:

1. Work in conjunction with the MDOC Medical Director and facility clinical staff to develop and maintain a process for patient education and medication administration.

2. Organize and direct quarterly continuing education and information programs relating to new developments in the field of pharmacy and pharmaceuticals and make recommendations for drug products which are the most useful and cost-effective in patient care.

3. Work with the MDOC Medical Director and physicians to develop drug therapy monitoring plans that provide clinically sound and cost effective patient care.

4. As requested by the MDOC Medical Director, participate on Pharmacy and Therapeutic Committees (P&T Committee) convened to evaluate medical information relating to the usefulness and cost of all available pharmaceuticals. Participation can be in-person or by teleconference.

5. Provide in-service training and consultation to health care personnel at each facility. Topics shall include: proper disposition of unused substances, as required by law; proper administration of medications; monitoring and documentation of drug administration and drug utilization in the correctional setting; and procedures for management of controlled drugs.

6. Provide access to a video library on various health-related topics, including drugs and disease states. Videos (DVD and VHS) will be viewed by offenders/staff at each facility and returned.

7. Provide an extensive policy and procedure manual to each facility and assist MDOC in developing, implementing and monitoring procedures for safe and effective ordering, distribution, control, and use of medications.

7.0 REPORTS

The Contractor shall:

1. Provide MDOC, as requested, with "facility specific" reporting, as well as statewide reporting inclusive of all MDOC operated/contracted facilities. Reports shall be delivered to the requestor within two working days (48 hours) of the request, unless otherwise agreed to by both parties.

2. Provide MDOC staff with facility specific reports to assist in the analysis and management of prescribing practices. Reports shall include, but not be limited to: Monthly Drug Usage Reports, Monthly Psychotropic Usage Reports, Patient Profiles, Prescriber Profiles, and Non-Formulary Versus Formulary Drug Use.

3. Provide data and reports necessary for medical staff peer reviews, quality improvement reviews, reports to aid MDOC in preparation and response to accreditation surveys, staff development and

management training, medication use reviews, district or federal court cases, and cost containment strategies.

4. Maintain a complete patient drug profile for each offender and provide a monthly Medication Administration Report (MAR) for each offender, as appropriate. MAR shall contain the offender name, AO number, allergies, diagnosis and current medication list and dispensing instructions. Each MAR must, in all instances, accurately reflect how the drug was prescribed - strength, dosage, and available refills. **EXCEPTION – Contractor must provide MSP with up to four (4) separate monthly MAR's - by patient and by drug (i.e. Unit Dose/PRN, Controlled Substance, Imitrex, and Injectables and a quarterly MAR for Keep On Person (KOP). Each MAR shall be delivered to the respective facility seven (7) days prior to the beginning of next month.**

5. Notify the prescribing provider of problems with medications prescribed (i.e., dosage or conflicts with other prescribed medications).

6. Provide updated patient medication lists (hard copy) every 90 days for inclusion in patient charts.

8.0 DELIVERY OF MEDICATIONS

The Contractor shall:

1. Provide delivery of all pharmacy orders five days per week – Monday through Friday. Orders shall be delivered to the ordering facility the first business day following submission of the order.

2. Deliver medications to each facility in an appropriate container, with medications sorted in "see thru" bags by unit (i.e. high side or low side) or by custody level (i.e., minimum/maximum), as requested by each facility.

3. Obtain a signature for all delivered orders at each facility in order to verify receipt.

4. Include a detailed packing slip with every order - sorted alphabetically, by offender.

9.0 INVOICING/PAYMENT

On a monthly basis, the Contractor will submit detailed invoices to MDOC, by facility, listing all prescriptions dispensed for the month. Invoices must accurately and separately represent the unit acquisition cost of drugs dispensed and the total number of prescriptions filled.

10.0 OTHER

The Contractor shall:

1. Maintain compliance with all pharmaceutical standards and applicable State and Federal laws, rules, and regulations governing pharmacy operations.

2. In accordance with State pharmacy statutes/rules/regulations, provide a method for return of unused pharmaceuticals and issuance of a "credit" to the ordering facility's monthly invoice. **Bidders must submit (with their bid) a description of the method(s) that can/will be utilized to address this requirement.**

3. Have a licensed pharmacist available (on-call) 24-hours per day, seven days per week to answer questions regarding medications.

4. Provide each facility with locking medication carts for the transportation, storage, and administration of all medications and supplies. The carts shall be durable and lightweight and appropriately sized to allow for ease of use in a correctional facility.

5. Provide starter packs of certain oral and injectable medications, as needed, for immediate administration.

6. Provide and maintain an Emergency Medication Kit (EDK) at MSP and MWP (i.e., Crash Cart).

7. Be responsible for all State, Federal and local licenses and permits necessary to perform the services required herein.

8. Be appropriately licensed to provide pharmacy services in Montana.

9. Provide a clinical pharmacist to review the medication room at each facility to verify compliance of all procedures and provide MDOC with all documentation of inspection.

10. Follow the applicable standards of care guidelines in effect at each facility. These standards may include: National Commission on Correctional Health Care (NCCHC); American Correctional Association (ACA); American Jail Association (AJA); and, the Joint Commission on Accreditation of Healthcare Organizations (JCAHO).

11. In accordance with NCCHC standards, and/or as required by applicable State or Federal pharmacy law/rule/regulation, provide a licensed pharmacist to conduct quarterly documented inspections of all institutional areas where medications are maintained, including "crash carts". Inspection shall include, but is not limited to: drug expiration dates, security, storage, and a periodic review of medication records. Inspection reports shall be provided to the MDOC Medical Director.

12. Upon termination of the contract (for any reason), transfer all patient-prescribing records, by electronic media, to the State or their designated agent.

13. Provide over-the-counter (OTC) medications in accordance with the pricing formula/methodology **and shall not charge MDOC a dispensing fee.**

14. Provide a Certified Geriatric Pharmacist with considerable experience in psychiatric-geriatric pharmacy to assist MDOC with geriatric patient requirements and recommendations.

15. Assign a single point of contact to be responsible for all aspects of prescription processing for MDOC.

16. **Immediately notify (via e-mail, telephone or fax) the appropriate contact person at the ordering facility if an order will not be shipped within 24-hours and the reason why.**

CONTRACT AMENDMENT
CONTRACT #05-030-MSP

THIS CONTRACT AMENDMENT (**Amendment #1**) is made and entered into by and between the Montana Department of Corrections (DEPARTMENT) 1539 11th Ave., Helena, Montana 59620-1301 and **Diamond Pharmacy Services, 645 Kolter Drive, Indiana PA 15701-3570** and is effective upon receipt of all signatures.

WHEREAS, the parties have entered a Contract with an original effective date of March 1, 2005 and Section 20 provides that the parties may modify their agreement in writing; and

NOW THEREFORE, the parties agree to amend the Contract as follows **(new language underlined, old language interlined)**:

3. <u>COMPENSATION/BILLING</u>

DEPARTMENT shall compensate CONTRACTOR for successful delivery of services (or goods), provided pursuant to Section 2, in the following manner:

A. DEPARTMENT shall pay CONTRACTOR the **"Actual Acquisition Cost"** of the drugs dispensed **PLUS** ~~**14.85%**~~ **0%** and shall also pay a dispensing fee of ~~**$0.00**~~ **<u>$3.49</u>** per prescription dispensed.

This constitutes the Amendment to the Contract. All other provisions contained in the original Contract, as amended, shall remain unchanged.

SIGNATURE

DEPARTMENT

Mike Mahoney, Warden
Montana State Prison

2/17/05
Date

CONTRACTOR

Mark Zilner, R.Ph., Director of Operations
Diamond Pharmacy Services

2/9/05
Date

Approved for Legal Content by:

Legal Counsel
Department of Corrections

2-16-05
Date

Approved as to Form:

Brad Sanders, Chief
State Procurement Bureau

2-17-05
Date

CONTRACT AMENDMENT
CONTRACT #05-030-MSP

THIS CONTRACT AMENDMENT (**Amendment #2**) is made and entered into by and between the Montana Department of Corrections (DEPARTMENT) 1539 11th Ave., Helena, Montana 59620-1301 and **Diamond Pharmacy Services** (CONTRACTOR) **645 Kolter Drive, Indiana, PA 15701-3570** and is effective upon receipt of all signatures.

WHEREAS, the parties have entered a Contract with an original effective date of March 1, 2005 and Section 20 provides that the parties may modify their agreement in writing; and

WHEREAS, the Contract expires on February 28, 2007 and Section 5 provides that the parties may extend the expiration date of the Contract.

NOW THEREFORE, the parties agree to amend the Contract as follows **(new language underlined, old language interlined)**:

5. TIME OF PERFORMANCE

This Contract shall take effect on February 15, 2005 and shall terminate on February 28, ~~2007~~ 2010, unless terminated earlier in accordance with the terms of this Contract. This Contract may, upon mutual agreement and according to the terms of the existing Contract, be renewed for a period not to exceed a total of ~~five (5)~~ two (2) additional years.

Upon expiration of this Contract, and in the absence of a new written agreement, the terms listed herein shall continue to govern the agreement between the parties until such time as a new Contract is signed.

6. LIAISONS AND NOTICE

A. ~~Cathy Redfern (406-846-1320 ext. 2448)~~ Laura Janes (406-846-1320 ext. 2254), 500 Conley Lake Road, Deer Lodge MT 59722 or successor serves as DEPARTMENT'S liaison.

B. Mark Zilner, R.Ph. (800-882-6337 x1003), 645 Kolter Drive, Indiana PA 15701-3570 or successor serves as CONTRACTOR'S liaison.

C. All notices and invoices required in this Contract shall be in writing, properly addressed to the liaison in (A) and (B) above, mailed first-class, postage prepaid. All notices sent via U.S. Postal Service are deemed effective on the date of postmark. Notices and invoices mailed through another carrier (e.g., UPS or FedEx) are effective upon receipt.

This constitutes the Amendment to the Contract. All other provisions contained in the original Contract, as amended, shall remain unchanged.

DEPARTMENT

Gary Hamel, Administrator
Health, Planning, and Information Services Division

Date

CONTRACTOR

Mark Zilner, R.Ph., Director of Operations
Diamond Pharmacy Services.

4/25/07
Date

Approved for Legal Content by:

Legal Counsel
Department of Corrections

4/18/07
Date

Approved as to form:

Brad Sanders, Chief
State Procurement Bureau

4/20/07
Date

CONTRACT AMENDMENT
CONTRACT #05-030-MSP

THIS CONTRACT AMENDMENT (**Amendment #3**) is made and entered into by and between the Montana Department of Corrections (DEPARTMENT) 1539 11th Ave., Helena, Montana 59620-1301 and **Diamond Pharmacy Services** (CONTRACTOR) **645 Kolter Drive, Indiana, PA 15701-3570** and is effective upon receipt of all signatures.

WHEREAS, the parties have entered a Contract with an original effective date of March 1, 2005 and Section 20 provides that the parties may modify their agreement in writing.

NOW THEREFORE, the parties agree to amend the Contract as follows **(new language underlined, old language interlined)**:

3. COMPENSATION/BILLING

DEPARTMENT shall compensate CONTRACTOR for successful delivery of services (or goods), provided pursuant to Section 2, in the following manner:

A. DEPARTMENT shall pay CONTRACTOR the **"Actual Acquisition Cost"** of the drugs dispensed **PLUS 0%** and shall also pay a dispensing fee of ~~**$3.49**~~ **$4.24** per prescription dispensed.

16. TERMINATION AND DEFAULT

A. DEPARTMENT may, by written notice to CONTRACTOR, terminate this Contract in whole or in part at any time CONTRACTOR fails to perform as required in this Contract.

B. Either party may terminate this Contract without cause by providing written notice to the other as described in this paragraph. The party desiring to terminate the Contract shall provide written notice to the other, which notice will establish a termination date not less than ~~30 days~~ 90 days from the date of such notice. The termination of this Contract shall not limit any party's pursuit of remedies provided in this Contract or otherwise available under the laws of the State of Montana.

C. DEPARTMENT, at its sole discretion, may terminate or reduce the scope of this Contract if available funding is reduced for any reason.

D. Failure on the part of either party to perform the provisions of this Contract constitutes default. Default may result in pursuit of a remedy for breach of Contract including, but not limited to, monetary damages or specific performance.

This constitutes the Amendment to the Contract. All other provisions contained in the original Contract, as amended, shall remain unchanged.

DEPARTMENT

Gary Hamel, Administrator
Health, Planning, and Information Services Bureau

4/
Date

CONTRACTOR

Mark Zilner, R.Ph., Director of Operations
Diamond Pharmacy Services

4/30/08
Date

Approved for Legal Content by:

Legal Counsel
Department of Corrections

4/11/08
Date

Approved as to Form:

Brad Sanders, Chief
State Procurement Bureau

4/22/08
Date