Pharmacy Management Services for the West Virginia Purchasing Division Department of Health and Human Resources

CRFQ 0506 WEH 1600000009

Pharmacy Systems, Inc.
December 10, 2015

ORIGINAL

Pharmacy Systems, Inc. 5050 Bradenton Avenue, P.O. Box 130 Dublin, Ohio 43017 614/766-0101 Fax 614/766-4448

December 10, 2015

Ms. April Battle
CRFQ 0506 WEH 1600000009
Department of Administration, Purchasing Division
2019 Washington Street East
Charleston, WV 25305-0130

Dear Ms. Battle:

Pharmacy Systems, Inc. is pleased to provide a proposal for Pharmacy Management Services to Welch Community Hospital. Enclosed are an original and one (1) copy of Pharmacy Systems, Inc. proposal for your review.

I will be the principal contact with the Department of Administration, Purchasing Division, regarding our proposal and will be contacting you to address any questions you may have relating to the proposal.

We appreciate having the opportunity to demonstrate our commitment to high quality, low-cost pharmacy services. We plan to implement and enhance pharmacy programs within Welch Community Hospital to decrease cost and optimize patient care.

If you have any questions, I can be reached at (614) 766-0101 Ext. 15. Thank you for your time and consideration. We look forward to the possibility of working with you.

Sincerely,

Chuck

Chuck Bernotas
Business Development Vice President

CAB/ds
Enclosure

PRESENTATION FOR

WEST VIRGINIA PURCHASING DIVISION
DEPARTMENT OF HEALTH AND HUMAN RESOURCES

CRFQ 0506 WEH 1600000009

WELCH COMMUNITY HOSPITAL
454 MCDOWELL STREET
WELCH, WEST VIRGINIA 24801

BY

PHARMACY SYSTEMS, INC.
5050 BRADENTON AVENUE
DUBLIN, OHIO 43017

DECEMBER 10, 2015

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Pharmacy Services for

Welch Community Hospital

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Section I

Required Documents

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- Bid Bond
- Certificate of Insurance
- Licenses/Certifications
- HIPAA Business Associate Addendum
- Certification and Signature Page
- Addendum Acknowledgement Form
- Exhibit A – CRFQ Pricing Page
- Purchasing Affidavit
- Vendor Preference Certificate

December 10, 2015

Purchasing Divison
2019 Washington Street East
Post Office Box 50130
Charleston, WV 25305-0130

State of West Virginia
Request for Quotation
34 — Service - Prof

Proc Folder: 140044

Doc Description: Addendum #1 - Pharmacy Management Services

Proc Type: Central Purchase Order

Date Issued	Solicitation Closes	Solicitation No	Version
2015-12-04	2015-12-15 13:30:00	CRFQ 0506 WEH1600000009	2

BID CLERK
DEPARTMENT OF ADMINISTRATION
PURCHASING DIVISION
2019 WASHINGTON ST E
CHARLESTON WV 25305
US

Vendor Name, Address and Telephone Number:

Pharmacy Systems, Inc.
5050 Bradenton Avenue
Dublin, OH 43017
(614) 766-0101
Contact: Chuck Bernotas @ Extension 15

FOR INFORMATION CONTACT THE BUYER

April Battle
(304) 558-0067
april.e.battle@wv.gov

Signature X Michael P McCarroll **FEIN #** 31-0833042 **DATE** December 10, 2015

All offers subject to all terms and conditions contained in this solicitation

ADDITIONAL INFORMAITON:

Addendum #1

West Virginia Purchasing Division is soliciting bids on behalf of WVDHHR/BHHF/Welch Community Hospital to establish a contract for a Jor for Pharmacy Management Services, to administer, manage and operate the Pharmacy for Welch Community Hospital (WCH).

PROCUREMENT OFFICER - 304-436-8708 HEALTH AND HUMAN RESOURCES WELCH COMMUNITY HOSPITAL 454 MCDOWELL ST WELCH WV24801 US	PROCUREMENT OFFICER - 304-436-8708 HEALTH AND HUMAN RESOURCES WELCH COMMUNITY HOSPITAL 454 MCDOWELL ST WELCH WV 24801 US

Line	Comm Ln Desc	Qty	Unit Issue	Unit Price	Total Price
1	Pharmacy Management Services	12.00000	MO	$53,500.00	$642,000.00

Comm Code	Manufacturer	Specification	Model #
80000000			

Extended Description :

Addendum #1 - 4.1.1 Pharmacy Manangement Services

SCHEDULE OF EVENTS

Line	Event	Event Date
	TQ due	2015-11-30

ADDITIONAL TERMS AND CONDITIONS

See attached document(s) for additional Terms and Conditions

AIA® Document A310™ – 2010

Bid Bond

CONTRACTOR:
(Name, legal status and address)
Pharmacy Systems, Inc.
5050 Bradenton Avenue
Columbus, OH 43017

SURETY:
(Name, legal status and principal place of business)
Western Surety Company
8740 Orion Place, Suite 300
Columbus, OH 43240

This document has important legal consequences. Consultation with an attorney is encouraged with respect to its completion or modification.

Any singular reference to Contractor, Surety, Owner or other party shall be considered plural where applicable.

OWNER:
(Name, legal status and address)
State of West Virginia - Purchasing Division
2019 Washington St E
PO Box 50130, Charleston, WV 25305

BOND AMOUNT:
Five percent of the total amount bid----------(*** 5% TAB ***)

PROJECT:
(Name, location or address, and Project number, if any)
Welch Community Hospital - Pharmacy Management Services; 454 McDowell Street, Welch, WV 24801
CRFQ: 0506 WEH1600000009

The Contractor and Surety are bound to the Owner in the amount set forth above, for the payment of which the Contractor and Surety bind themselves, their heirs, executors, administrators, successors and assigns, jointly and severally, as provided herein. The conditions of this Bond are such that if the Owner accepts the bid of the Contractor within the time specified in the bid documents, or within such time period as may be agreed to by the Owner and Contractor, and the Contractor either (1) enters into a contract with the Owner in accordance with the terms of such bid, and gives such bond or bonds as may be specified in the bidding or Contract Documents, with a surety admitted in the jurisdiction of the Project and otherwise acceptable to the Owner, for the faithful performance of such Contract and for the prompt payment of labor and material furnished in the prosecution thereof; or (2) pays to the Owner the difference, not to exceed the amount of this Bond, between the amount specified in said bid and such larger amount for which the Owner may in good faith contract with another party to perform the work covered by said bid, then this obligation shall be null and void, otherwise to remain in full force and effect. The Surety hereby waives any notice of an agreement between the Owner and Contractor to extend the time in which the Owner may accept the bid. Waiver of notice by the Surety shall not apply to any extension exceeding sixty (60) days in the aggregate beyond the time for acceptance of bids specified in the bid documents, and the Owner and Contractor shall obtain the Surety's consent for an extension beyond sixty (60) days.

If this Bond is issued in connection with a subcontractor's bid to a Contractor, the term Contractor in this Bond shall be deemed to be Subcontractor and the term Owner shall be deemed to be Contractor.

When this Bond has been furnished to comply with a statutory or other legal requirement in the location of the Project, any provision in this Bond conflicting with said statutory or legal requirement shall be deemed deleted herefrom and provisions conforming to such statutory or other legal requirement shall be deemed incorporated herein. When so furnished, the intent is that this Bond shall be construed as a statutory bond and not as a common law bond.

Signed and sealed this 15th **day of** December, 2015.

Pharmacy Systems, Inc.
(Principal) *(Seal)*

(Witness)

(Title)

Western Surety Company
(Surety) *(Seal)*

(Witness)

(Title) Susan E. Hurd, Attorney-In-Fact

CAUTION: You should sign an original AIA Contract Document, on which this text appears in RED. An original assures that changes will not be obscured.

Init.

Western Surety Company

POWER OF ATTORNEY APPOINTING INDIVIDUAL ATTORNEY-IN-FACT

Know All Men By These Presents, That WESTERN SURETY COMPANY, a South Dakota corporation, is a duly organized and existing corporation having its principal office in the City of Sioux Falls, and State of South Dakota, and that it does by virtue of the signature and seal herein affixed hereby make, constitute and appoint

Craig S Markos, Debra J Fischer, Susan E Hurd, Michael M Hylant, Judy K Wilson, Robert Brewster, Individually

of Dublin, OH, its true and lawful Attorney(s)-in-Fact with full power and authority hereby conferred to sign, seal and execute for and on its behalf bonds, undertakings and other obligatory instruments of similar nature

- In Unlimited Amounts -

and to bind it thereby as fully and to the same extent as if such instruments were signed by a duly authorized officer of the corporation and all the acts of said Attorney, pursuant to the authority hereby given, are hereby ratified and confirmed.

This Power of Attorney is made and executed pursuant to and by authority of the By-Law printed on the reverse hereof, duly adopted, as indicated, by the shareholders of the corporation.

In Witness Whereof, WESTERN SURETY COMPANY has caused these presents to be signed by its Vice President and its corporate seal to be hereto affixed on this 11th day of August, 2014.

WESTERN SURETY COMPANY

Paul T. Bruflat, Vice President

State of South Dakota
County of Minnehaha } ss

On this 11th day of August, 2014, before me personally came Paul T. Bruflat, to me known, who, being by me duly sworn, did depose and say: that he resides in the City of Sioux Falls, State of South Dakota; that he is the Vice President of WESTERN SURETY COMPANY described in and which executed the above instrument; that he knows the seal of said corporation; that the seal affixed to the said instrument is such corporate seal; that it was so affixed pursuant to authority given by the Board of Directors of said corporation and that he signed his name thereto pursuant to like authority, and acknowledges same to be the act and deed of said corporation.

My commission expires
June 23, 2015

J. MOHR
NOTARY PUBLIC
SOUTH DAKOTA

J. Mohr, Notary Public

CERTIFICATE

I, L. Nelson, Assistant Secretary of WESTERN SURETY COMPANY do hereby certify that the Power of Attorney hereinabove set forth is still in force, and further certify that the By-Law of the corporation printed on the reverse hereof is still in force. In testimony whereof I have hereunto subscribed my name and affixed the seal of the said corporation this 15th day of December, 2015.

WESTERN SURETY COMPANY

L. Nelson, Assistant Secretary

Form F4280-7-2012

Authorizing By-Law

ADOPTED BY THE SHAREHOLDERS OF WESTERN SURETY COMPANY

This Power of Attorney is made and executed pursuant to and by authority of the following By-Law duly adopted by the shareholders of the Company.

Section 7. All bonds, policies, undertakings, Powers of Attorney, or other obligations of the corporation shall be executed in the corporate name of the Company by the President, Secretary, and Assistant Secretary, Treasurer, or any Vice President, or by such other officers as the Board of Directors may authorize. The President, any Vice President, Secretary, any Assistant Secretary, or the Treasurer may appoint Attorneys in Fact or agents who shall have authority to issue bonds, policies, or undertakings in the name of the Company. The corporate seal is not necessary for the validity of any bonds, policies, undertakings, Powers of Attorney or other obligations of the corporation. The signature of any such officer and the corporate seal may be printed by facsimile.

CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY): 6/26/2015

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER
Hylant Group Inc - Columbus
565 Metro Place South Ste 450
Dublin OH 43017

CONTACT NAME: Debbie Beaver
PHONE (A/C, No, Ext): 614-932-1262 **FAX (A/C, No):**
E-MAIL ADDRESS: debbie.beaver@hylant.com

INSURER(S) AFFORDING COVERAGE	NAIC #
INSURER A : National Fire Ins Co Hartford	20478
INSURER B : Columbia Casualty Company	31127
INSURER C : Continental Casualty Company	20443
INSURER D :	
INSURER E :	
INSURER F :	

INSURED
PHARSYS
Pharmacy Systems, Inc.
5050 Bradenton Avenue
Dublin OH 43017

COVERAGES **CERTIFICATE NUMBER:** 592875392 **REVISION NUMBER:**

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSR	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS	
B	GENERAL LIABILITY			HMA40321883351	6/30/2015	6/30/2016	EACH OCCURRENCE	$1,000,000
	X COMMERCIAL GENERAL LIABILITY						DAMAGE TO RENTED PREMISES (Ea occurrence)	$100,000
	CLAIMS-MADE X OCCUR						MED EXP (Any one person)	$15,000
							PERSONAL & ADV INJURY	$1,000,000
	GEN'L AGGREGATE LIMIT APPLIES PER:						GENERAL AGGREGATE	$3,000,000
	X POLICY PRO-JECT LOC						PRODUCTS - COMP/OP AGG	$3,000,000
								$
C	AUTOMOBILE LIABILITY			5091254426	6/30/2015	6/30/2016	COMBINED SINGLE LIMIT (Ea accident)	$1,000,000
	ANY AUTO						BODILY INJURY (Per person)	$
	ALL OWNED AUTOS / SCHEDULED AUTOS						BODILY INJURY (Per accident)	$
	X HIRED AUTOS / X NON-OWNED AUTOS						PROPERTY DAMAGE (Per accident)	$
								$
B	X UMBRELLA LIAB / OCCUR			HMC40321883491	6/30/2015	6/30/2016	EACH OCCURRENCE	$7,000,000
	EXCESS LIAB / X CLAIMS-MADE						AGGREGATE	$7,000,000
	DED X RETENTION $10,000							$
A	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY Y/N			WC4026702706	1/1/2015	1/1/2016	WC STATU-TORY LIMITS / OTH-ER	
	ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED?	N/A					E.L. EACH ACCIDENT	$500,000
	(Mandatory in NH)						E.L. DISEASE - EA EMPLOYEE	$500,000
	If yes, describe under DESCRIPTION OF OPERATIONS below						E.L. DISEASE - POLICY LIMIT	$500,000
B	Professional Liability			HMA40321883351	6/30/2015	6/30/2016	Occ/Agg $1 mil/$3 mil	Deduct. $5,000
C	Misc Prof Liability/Cyber			596481205	6/30/2015	6/30/2016	Occ/Agg $1 mil/$3 mil	Deduct. $50,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (Attach ACORD 101, Additional Remarks Schedule, if more space is required)

CERTIFICATE HOLDER

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE

WORKERS COMPENSATION

NAMED INSURED: Pharmacy Systems, Inc.
PSI Supply Chain Solutions, LLC
PSI Rehabilitation Services, LLC

INSURANCE COMPANY: National Fire Insurance of Hartford (CNA)

POLICY TERM: 01/01/15 to 01/01/16

PART ONE: Workers Compensation will apply to the Worker's Compensation law of the states listed here: CO, IL, IN, KS, KY, MI, MO, OH, PA, TX, WV

PART TWO: Employers Liability Limits of Insurance:

Bodily Injury by Accident – Each Accident	$500,000
Bodily Injury by Disease – Policy Limit	$500,000
Bodily Injury by Disease – Each Employee	$500,000

PART THREE: Others States Insurance will apply to the states listed here: ALL STATES EXCEPT AK, ND, OH, WA, WY AND STATES LISTED

State of West Virginia

Board of Pharmacy

REGISTERED PHARMACIST LICENSE

July 1, 2014-June 30, 2016

Maria C. Damato

Registered Pharmacist

License #[redacted]

Board of Pharmacy

July 1, 2014-June 30, 6/30/2016

James T. Harmon

Registered Pharmacist

License #[redacted]

Board of Pharmacy

July 1, 2015-June 30, 6/30/2017

Gerard J. Barnes

Registered Pharmacist

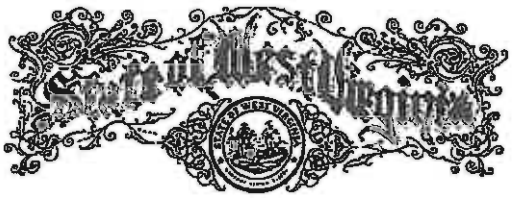
License # [redacted]

Board of Pharmacy

REGISTERED PHARMACY TECHNICIAN CERTIFICATE

July 1, 2014-June 30, 2016

Connie A. Milbert
Registered Pharmacy Technician
License #[redacted]

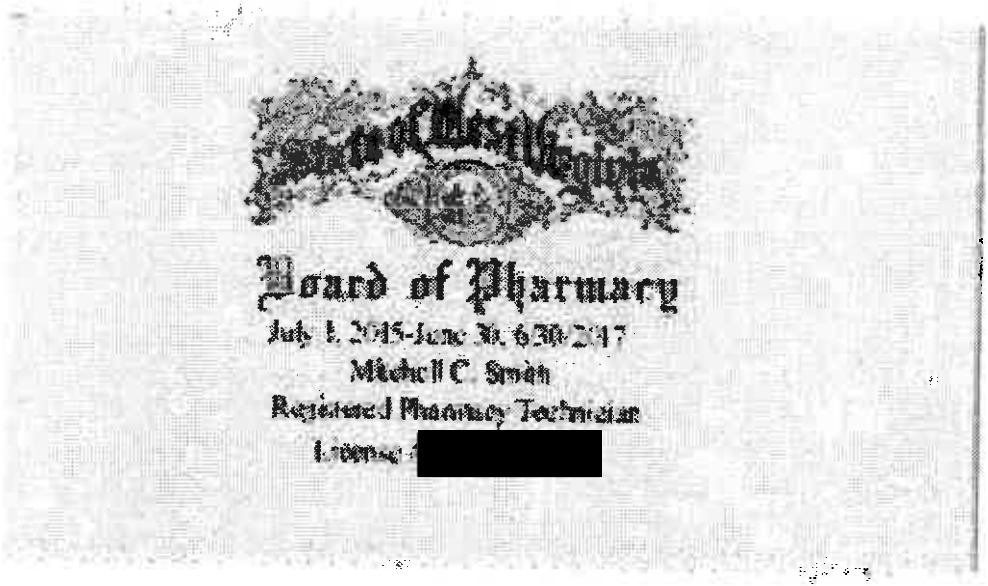


Board of Pharmacy

REGISTERED PHARMACY TECHNICIAN CERTIFICATE

July 1, 2014-June 30, 2016

Denise Folden
Registered Pharmacy Technician
License #[redacted]


Board of Pharmacy
July 1, 2015-June 30, 6/30/2017
Mitchell C. Smith
Registered Pharmacy Technician
License [redacted]

WV STATE GOVERNMENT

HIPAA BUSINESS ASSOCIATE ADDENDUM

This Health Insurance Portability and Accountability Act of 1996 (hereafter, HIPAA) Business Associate Addendum ("Addendum") is made a part of the Agreement ("Agreement") by and between the State of West Virginia ("Agency"), and Business Associate ("Associate"), and is effective as of the date of execution of the Addendum.

The Associate performs certain services on behalf of or for the Agency pursuant to the underlying Agreement that requires the exchange of information including protected health information protected by the Health Insurance Portability and Accountability Act of 1996 ("HIPAA"), as amended by the American Recovery and Reinvestment Act of 2009 (Pub. L. No. 111-5) (the "HITECH Act"), any associated regulations and the federal regulations published at 45 CFR parts 160 and 164 (sometimes collectively referred to as "HIPAA"). The Agency is a "Covered Entity" as that term is defined in HIPAA, and the parties to the underlying Agreement are entering into this Addendum to establish the responsibilities of both parties regarding HIPAA-covered information and to bring the underlying Agreement into compliance with HIPAA.

Whereas it is desirable, in order to further the continued efficient operations of Agency to disclose to its Associate certain information which may contain confidential individually identifiable health information (hereafter, Protected Health Information or PHI); and

Whereas, it is the desire of both parties that the confidentiality of the PHI disclosed hereunder be maintained and treated in accordance with all applicable laws relating to confidentiality, including the Privacy and Security Rules, the HITECH Act and its associated regulations, and the parties do agree to at all times treat the PHI and interpret this Addendum consistent with that desire.

NOW THEREFORE: the parties agree that in consideration of the mutual promises herein, in the Agreement, and of the exchange of PHI hereunder that:

1. **Definitions.** Terms used, but not otherwise defined, in this Addendum shall have the same meaning as those terms in the Privacy, Security, Breach Notification, and Enforcement Rules at 45 CFR Part 160 and Part 164.

    a. **Agency Procurement Officer** shall mean the appropriate Agency individual listed at: http://www.state.wv.us/admin/purchase/vrc/agencyli.html.

    b. **Agent** shall mean those person(s) who are agent(s) of the Business Associate, in accordance with the Federal common law of agency, as referenced in 45 CFR § 160.402(c).

    c. **Breach** shall mean the acquisition, access, use or disclosure of protected health information which compromises the security or privacy of such information, except as excluded in the definition of Breach in 45 CFR § 164.402.

    d. **Business Associate** shall have the meaning given to such term in 45 CFR § 160.103.

    e. **HITECH Act** shall mean the Health Information Technology for Economic and Clinical Health Act. Public Law No. 111-05. 111th Congress (2009).

f. **Privacy Rule** means the Standards for Privacy of Individually Identifiable Health Information found at 45 CFR Parts 160 and 164.

g. **Protected Health Information or PHI** shall have the meaning given to such term in 45 CFR § 160.103, limited to the information created or received by Associate from or on behalf of Agency.

h. **Security Incident** means any known successful or unsuccessful attempt by an authorized or unauthorized individual to inappropriately use, disclose, modify, access, or destroy any information or interference with system operations in an information system.

i. **Security Rule** means the Security Standards for the Protection of Electronic Protected Health Information found at 45 CFR Parts 160 and 164.

j. **Subcontractor** means a person to whom a business associate delegates a function, activity, or service, other than in the capacity of a member of the workforce of such business associate.

2. **Permitted Uses and Disclosures.**

a. **PHI Described.** This means PHI created, received, maintained or transmitted on behalf of the Agency by the Associate. This PHI is governed by this Addendum and is limited to the minimum necessary, to complete the tasks or to provide the services associated with the terms of the original Agreement, and is described in Appendix A.

b. **Purposes.** Except as otherwise limited in this Addendum, Associate may use or disclose the PHI on behalf of, or to provide services to, Agency for the purposes necessary to complete the tasks, or provide the services, associated with, and required by the terms of the original Agreement, or as required by law, if such use or disclosure of the PHI would not violate the Privacy or Security Rules or applicable state law if done by Agency or Associate, or violate the minimum necessary and related Privacy and Security policies and procedures of the Agency. The Associate is directly liable under HIPAA for impermissible uses and disclosures of the PHI it handles on behalf of Agency.

c. **Further Uses and Disclosures**. Except as otherwise limited in this Addendum, the Associate may disclose PHI to third parties for the purpose of its own proper management and administration, or as required by law, provided that (i) the disclosure is required by law, or (ii) the Associate has obtained from the third party reasonable assurances that the PHI will be held confidentially and used or further disclosed only as required by law or for the purpose for which it was disclosed to the third party by the Associate; and, (iii) an agreement to notify the Associate and Agency of any instances of which it (the third party) is aware in which the confidentiality of the information has been breached. To the extent practical, the information should be in a limited data set or the minimum necessary information pursuant to 45 CFR § 164.502, or take other measures as necessary to satisfy the Agency's obligations under 45 CFR § 164.502.

3. **Obligations of Associate.**

a. **Stated Purposes Only.** The PHI may not be used by the Associate for any purpose other than as stated in this Addendum or as required or permitted by law.

b. **Limited Disclosure.** The PHI is confidential and will not be disclosed by the Associate other than as stated in this Addendum or as required or permitted by law. Associate is prohibited from directly or indirectly receiving any remuneration in exchange for an individual's PHI unless Agency gives written approval and the individual provides a valid authorization. Associate will refrain from marketing activities that would violate HIPAA, including specifically Section 13406 of the HITECH Act. Associate will report to Agency any use or disclosure of the PHI, including any Security Incident not provided for by this Agreement of which it becomes aware.

c. **Safeguards.** The Associate will use appropriate safeguards, and comply with Subpart C of 45 CFR Part 164 with respect to electronic protected health information, to prevent use or disclosure of the PHI, except as provided for in this Addendum. This shall include, but not be limited to:

i. Limitation of the groups of its workforce and agents, to whom the PHI is disclosed to those reasonably required to accomplish the purposes stated in this Addendum, and the use and disclosure of the minimum PHI necessary or a Limited Data Set;

ii. Appropriate notification and training of its workforce and agents in order to protect the PHI from unauthorized use and disclosure;

iii. Maintenance of a comprehensive, reasonable and appropriate written PHI privacy and security program that includes administrative, technical and physical safeguards appropriate to the size, nature, scope and complexity of the Associate's operations, in compliance with the Security Rule;

iv. In accordance with 45 CFR §§ 164.502(e)(1)(ii) and 164.308(b)(2), if applicable, ensure that any subcontractors that create, receive, maintain, or transmit protected health information on behalf of the business associate agree to the same restrictions, conditions, and requirements that apply to the business associate with respect to such information.

d. **Compliance With Law.** The Associate will not use or disclose the PHI in a manner in violation of existing law and specifically not in violation of laws relating to confidentiality of PHI, including but not limited to, the Privacy and Security Rules.

e. **Mitigation.** Associate agrees to mitigate, to the extent practicable, any harmful effect that is known to Associate of a use or disclosure of the PHI by Associate in violation of the requirements of this Addendum, and report its mitigation activity back to the Agency.

f. **Support of Individual Rights.**

i. **Access to PHI.** Associate shall make the PHI maintained by Associate or its agents or subcontractors in Designated Record Sets available to Agency for inspection and copying, and in electronic format, if requested, within ten (10) days of a request by Agency to enable Agency to fulfill its obligations under the Privacy Rule, including, but not limited to, 45 CFR § 164.524 and consistent with Section 13405 of the HITECH Act.

ii. **Amendment of PHI.** Within ten (10) days of receipt of a request from Agency for an amendment of the PHI or a record about an individual contained in a Designated Record Set, Associate or its agents or subcontractors shall make such PHI available to Agency for amendment and incorporate any such amendment to enable Agency to fulfill its obligations under the Privacy Rule, including, but not limited to, 45 CFR § 164.526.

iii. **Accounting Rights.** Within ten (10) days of notice of a request for an accounting of disclosures of the PHI, Associate and its agents or subcontractors shall make available to Agency the documentation required to provide an accounting of disclosures to enable Agency to fulfill its obligations under the Privacy Rule, including, but not limited to, 45 CFR §164.528 and consistent with Section 13405 of the HITECH Act. Associate agrees to document disclosures of the PHI and information related to such disclosures as would be required for Agency to respond to a request by an individual for an accounting of disclosures of PHI in accordance with 45 CFR § 164.528. This should include a process that allows for an accounting to be collected and maintained by Associate and its agents or subcontractors for at least six (6) years from the date of disclosure, or longer if required by state law. At a minimum, such documentation shall include:

- the date of disclosure;
- the name of the entity or person who received the PHI, and if known, the address of the entity or person;
- a brief description of the PHI disclosed; and
- a brief statement of purposes of the disclosure that reasonably informs the individual of the basis for the disclosure, or a copy of the individual's authorization, or a copy of the written request for disclosure.

iv. **Request for Restriction.** Under the direction of the Agency, abide by any individual's request to restrict the disclosure of PHI, consistent with the requirements of Section 13405 of the HITECH Act and 45 CFR § 164.522, when the Agency determines to do so (except as required by law) and if the disclosure is to a health plan for payment or health care operations and it pertains to a health care item or service for which the health care provider was paid in full "out-of-pocket."

v. **Immediate Discontinuance of Use or Disclosure.** The Associate will immediately discontinue use or disclosure of Agency PHI pertaining to any individual when so requested by Agency. This includes, but is not limited to, cases in which an individual has withdrawn or modified an authorization to use or disclose PHI.

g. **Retention of PHI.** Notwithstanding section 4.a. of this Addendum, Associate and its subcontractors or agents shall retain all PHI pursuant to state and federal law and shall continue to maintain the PHI required under Section 3.f. of this Addendum for a period of six (6) years after termination of the Agreement, or longer if required under state law.

h. **Agent's, Subcontractor's Compliance.** The Associate shall notify the Agency of all subcontracts and agreements relating to the Agreement, where the subcontractor or agent receives PHI as described in section 2.a. of this Addendum. Such notification shall occur within 30 (thirty) calendar days of the execution of the subcontract and shall be delivered to the Agency Procurement Officer. The Associate will ensure that any of its subcontractors, to whom it provides any of the PHI it receives hereunder, or to whom it provides any PHI which the Associate creates or receives on behalf of the Agency, agree to the restrictions and conditions which apply to the Associate hereunder. The Agency may request copies of downstream subcontracts and agreements to determine whether all restrictions, terms and conditions have been flowed down. Failure to ensure that downstream contracts, subcontracts and agreements contain the required restrictions, terms and conditions may result in termination of the Agreement.

j. **Federal and Agency Access.** The Associate shall make its internal practices, books, and records relating to the use and disclosure of PHI, as well as the PHI, received from, or created or received by the Associate on behalf of the Agency available to the U.S. Secretary of Health and Human Services consistent with 45 CFR § 164.504. The Associate shall also make these records available to Agency, or Agency's contractor, for periodic audit of Associate's compliance with the Privacy and Security Rules. Upon Agency's request, the Associate shall provide proof of compliance with HIPAA and HITECH data privacy/protection guidelines, certification of a secure network and other assurance relative to compliance with the Privacy and Security Rules. This section shall also apply to Associate's subcontractors, if any.

k. **Security.** The Associate shall take all steps necessary to ensure the continuous security of all PHI and data systems containing PHI. In addition, compliance with 74 FR 19006 Guidance Specifying the Technologies and Methodologies That Render PHI Unusable, Unreadable, or Indecipherable to Unauthorized Individuals for Purposes of the Breach Notification Requirements under Section 13402 of Title XIII is required, to the extent practicable. If Associate chooses not to adopt such methodologies as defined in 74 FR 19006 to secure the PHI governed by this Addendum, it must submit such written rationale, including its Security Risk Analysis, to the Agency Procurement Officer for review prior to the execution of the Addendum. This review may take up to ten (10) days.

l. **Notification of Breach.** During the term of this Addendum, the Associate shall notify the Agency and, unless otherwise directed by the Agency in writing, the WV Office of Technology immediately by e-mail or web form upon the discovery of any Breach of unsecured PHI; or within 24 hours by e-mail or web form of any suspected Security Incident, intrusion or unauthorized use or disclosure of PHI in violation of this Agreement and this Addendum, or potential loss of confidential data affecting this Agreement. Notification shall be provided to the Agency Procurement Officer at www.state.wv.us/admin/purchase/vrc/agencyli.htm and,

unless otherwise directed by the Agency in writing, the Office of Technology at incident@wv.gov or https://apps.wv.gov/ot/ir/Default.aspx.

The Associate shall immediately investigate such Security Incident, Breach, or unauthorized use or disclosure of PHI or confidential data. Within 72 hours of the discovery, the Associate shall notify the Agency Procurement Officer, and, unless otherwise directed by the Agency in writing, the Office of Technology of: (a) Date of discovery; (b) What data elements were involved and the extent of the data involved in the Breach; (c) A description of the unauthorized persons known or reasonably believed to have improperly used or disclosed PHI or confidential data; (d) A description of where the PHI or confidential data is believed to have been improperly transmitted, sent, or utilized; (e) A description of the probable causes of the improper use or disclosure; and (f) Whether any federal or state laws requiring individual notifications of Breaches are triggered.

Agency will coordinate with Associate to determine additional specific actions that will be required of the Associate for mitigation of the Breach, which may include notification to the individual or other authorities.

All associated costs shall be borne by the Associate. This may include, but not be limited to costs associated with notifying affected individuals.

If the Associate enters into a subcontract relating to the Agreement where the subcontractor or agent receives PHI as described in section 2.a. of this Addendum, all such subcontracts or downstream agreements shall contain the same incident notification requirements as contained herein, with reporting directly to the Agency Procurement Officer. Failure to include such requirement in any subcontract or agreement may result in the Agency's termination of the Agreement.

m. **Assistance in Litigation or Administrative Proceedings.** The Associate shall make itself and any subcontractors, workforce or agents assisting Associate in the performance of its obligations under this Agreement, available to the Agency at no cost to the Agency to testify as witnesses, or otherwise, in the event of litigation or administrative proceedings being commenced against the Agency, its officers or employees based upon claimed violations of HIPAA, the HIPAA regulations or other laws relating to security and privacy, which involves inaction or actions by the Associate, except where Associate or its subcontractor, workforce or agent is a named as an adverse party.

4. **Addendum Administration.**

a. **Term.** This Addendum shall terminate on termination of the underlying Agreement or on the date the Agency terminates for cause as authorized in paragraph (c) of this Section, whichever is sooner.

b. **Duties at Termination.** Upon any termination of the underlying Agreement, the Associate shall return or destroy, at the Agency's option, all PHI received from, or created or received by the Associate on behalf of the Agency that the Associate still maintains in any form and retain no copies of such PHI or, if such return or destruction is not feasible, the Associate shall extend the protections of this Addendum to the PHI and limit further uses and disclosures to the purposes that make the return or destruction of the PHI infeasible. This shall also apply to all agents and subcontractors of Associate. The duty of the Associate and its agents

and subcontractors to assist the Agency with any HIPAA required accounting of disclosures survives the termination of the underlying Agreement.

c. **Termination for Cause.** Associate authorizes termination of this Agreement by Agency, if Agency determines Associate has violated a material term of the Agreement. Agency may, at its sole discretion, allow Associate a reasonable period of time to cure the material breach before termination.

d. **Judicial or Administrative Proceedings.** The Agency may terminate this Agreement if the Associate is found guilty of a criminal violation of HIPAA. The Agency may terminate this Agreement if a finding or stipulation that the Associate has violated any standard or requirement of HIPAA/HITECH, or other security or privacy laws is made in any administrative or civil proceeding in which the Associate is a party or has been joined. Associate shall be subject to prosecution by the Department of Justice for violations of HIPAA/HITECH and shall be responsible for any and all costs associated with prosecution.

e. **Survival.** The respective rights and obligations of Associate under this Addendum shall survive the termination of the underlying Agreement.

5. **General Provisions/Ownership of PHI.**

a. **Retention of Ownership.** Ownership of the PHI resides with the Agency and is to be returned on demand or destroyed at the Agency's option, at any time, and subject to the restrictions found within section 4.b. above.

b. **Secondary PHI.** Any data or PHI generated from the PHI disclosed hereunder which would permit identification of an individual must be held confidential and is also the property of Agency.

c. **Electronic Transmission.** Except as permitted by law or this Addendum, the PHI or any data generated from the PHI which would permit identification of an individual must not be transmitted to another party by electronic or other means for additional uses or disclosures not authorized by this Addendum or to another contractor, or allied agency, or affiliate without prior written approval of Agency.

d. **No Sales.** Reports or data containing the PHI may not be sold without Agency's or the affected individual's written consent.

e. **No Third-Party Beneficiaries.** Nothing express or implied in this Addendum is intended to confer, nor shall anything herein confer, upon any person other than Agency, Associate and their respective successors or assigns, any rights, remedies, obligations or liabilities whatsoever.

f. **Interpretation.** The provisions of this Addendum shall prevail over any provisions in the Agreement that may conflict or appear inconsistent with any provisions in this Addendum. The interpretation of this Addendum shall be made under the laws of the state of West Virginia.

g. **Amendment.** The parties agree that to the extent necessary to comply with applicable law they will agree to further amend this Addendum.

h. **Additional Terms and Conditions.** Additional discretionary terms may be included in the release order or change order process.

AGREED:

Name of Agency:_____

Signature:_____

Title:_____

Date:_____

Name of Associate: Pharmacy Systems, Inc.

Signature: Michael P McGoff

Title: President

Date: December 10, 2015

Form - WVBAA-012004
Amended 06.26.2013

APPROVED AS TO FORM THIS 21st
DAY OF January 20 16
Patrick Morrisey
Attorney General
BY _____

Appendix A

(To be completed by the Agency's Procurement Officer prior to the execution of the Addendum, and shall be made a part of the Addendum. PHI not identified prior to execution of the Addendum may only be added by amending Appendix A and the Addendum, via Change Order.)

Name of Associate: _____

Name of Agency: _____

Describe the PHI (do not include any actual PHI). If not applicable, please indicate the same.

Any and all personally identifiable information including but not limited to patient name, address, date of birth, Social Security Number, telephone number, and insurance information.

Any and all protected health information including but not limited to patient diagnosis, lab test, radiological exams, physical health exams, and/or treatment procedures.

CERTIFICATIONAND SIGNATURE PAGE

By signing below, or submitting documentation through wvOASIS, I certify that I have reviewed this Solicitation in its entirety; that I understand the requirements, terms and conditions, and other information contained herein; that this bid, offer or proposal constitutes an offer to the State that cannot be unilaterally withdrawn; that the product or service proposed meets the mandatory requirements contained in the Solicitation for that product or service, unless otherwise stated herein; that the Vendor accepts the terms and conditions contained in the Solicitation, unless otherwise stated herein; that I am submitting this bid, offer or proposal for review and consideration; that I am authorized by the vendor to execute and submit this bid, offer, or proposal, or any documents related thereto on vendor's behalf; that I am authorized to bind the vendor in a contractual relationship; and that to the best of my knowledge, the vendor has properly registered with any State agency that may require registration.

Pharmacy Systems, Inc.

(Company)

Michael McCarrell, President

(Authorized Signature) (Representative Name, Title)

(614) 766-0101 (614) 766-4448 December 10, 2015

(Phone Number) (Fax Number) (Date)

SOLICITATION NUMBER: CRFQ 0506 WEH1600000009
Addendum Number: 1

The purpose of this addendum is to modify the solicitation identified as ("Solicitation") to reflect the change(s) identified and described below.

Applicable Addendum Category:

[ ] Modify bid opening date and time

[ ] Modify specifications of product or service being sought

[✔] Attachment of vendor questions and responses

[ ] Attachment of pre-bid sign-in sheet

[ ] Correction of error

[ ] Other

Description of Modification to Solicitation:

1) To answer the technical questions submitted by vendors.

Additional Documentation: Documentation related to this Addendum (if any) has been included herewith as Attachment A and is specifically incorporated herein by reference.

Terms and Conditions:

1. All provisions of the Solicitation and other addenda not modified herein shall remain in full force and effect.

2. Vendor should acknowledge receipt of all addenda issued for this Solicitation by completing an Addendum Acknowledgment, a copy of which is included herewith. Failure to acknowledge addenda may result in bid disqualification. The addendum acknowledgement should be submitted with the bid to expedite document processing.

CRFQ WEH1600000009 Pharmacy Management Services

Q. 1. What is the approximate outpatient prescription volume per week/month?

A. 1. None, the pharmacy is for inpatients only.

Q. 2. Would the pharmacy be located on the main lobby of the building?

A. 2. Pharmacy is located on the first floor of the hospital but not in the lobby.

Q. 3. I see that the hospital is eligible for 340B drug purchasing (PHS Pricing). Is the hospital currently participating in the program and do they also have contract pharmacy relationships?

A. 3. The hospital does not participate in 340B drug purchasing.

Q. 4. Would there be an opportunity for satellite locations?

A. 4. No.

Q. 5. Is there a drug formulary available?

A. 5. Yes attached.

ADDENDUM ACKNOWLEDGEMENT FORM
SOLICITATION NO.: WEH1600000009

Instructions: Please acknowledge receipt of all addenda issued with this solicitation by completing this addendum acknowledgment form. Check the box next to each addendum received and sign below. Failure to acknowledge addenda may result in bid disqualification.

Acknowledgment: I hereby acknowledge receipt of the following addenda and have made the necessary revisions to my proposal, plans and/or specification, etc.

Addendum Numbers Received:
(Check the box next to each addendum received)

[X]	Addendum No. 1	[ ]	Addendum No. 6
[ ]	Addendum No. 2	[ ]	Addendum No. 7
[ ]	Addendum No. 3	[ ]	Addendum No. 8
[ ]	Addendum No. 4	[ ]	Addendum No. 9
[ ]	Addendum No. 5	[ ]	Addendum No. 10

I understand that failure to confirm the receipt of addenda may be cause for rejection of this bid. I further understand that any verbal representation made or assumed to be made during any oral discussion held between Vendor's representatives and any state personnel is not binding. Only the information issued in writing and added to the specifications by an official addendum is binding.

Pharmacy Systems, Inc.
Company

Michael P. McCarroll
Authorized Signature

December 10, 2015
Date

NOTE: This addendum acknowledgement should be submitted with the bid to expedite document processing.
Revised 6/8/2012

CRFQ 0506 WEH160000000009Pharmacy Management Services

Exhibit A

Description	Monthly Fee	Annual Cost= 12 x Monthly Fee
4.1.1 Total Salaries and Benefits	$53,500	$642,000
Monthly Total Not to Exceed	$53,500	
Total Annual Operating Expense		

Award will be made to the vendor meeting all of the specifications and having the lowest Total Annual Operating Expense.

Pharmacy Systems, Inc. — 5050 Bradenton Avenue, Dublin, OH 43017

Vendor Name (Printed) — **Vendor Address**

Michael McCarrell, President — **December 10, 2015**

Vendor Authorized Representative — **Signature** — **Date**

E-mail: cbernotas@pharmacysystems.com **Telephone#: (614) 766-0101 Ext. 15** **Fax#: (614) 766-4448**

STATE OF WEST VIRGINIA
Purchasing Division

PURCHASING AFFIDAVIT

MANDATE: Under W. Va. Code §5A-3-10a, no contract or renewal of any contract may be awarded by the state or any of its political subdivisions to any vendor or prospective vendor when the vendor or prospective vendor or a related party to the vendor or prospective vendor is a debtor and: (1) the debt owed is an amount greater than one thousand dollars in the aggregate; or (2) the debtor is in employer default.

EXCEPTION: The prohibition listed above does not apply where a vendor has contested any tax administered pursuant to chapter eleven of the W. Va. Code, workers' compensation premium, permit fee or environmental fee or assessment and the matter has not become final or where the vendor has entered into a payment plan or agreement and the vendor is not in default of any of the provisions of such plan or agreement.

DEFINITIONS:

"Debt" means any assessment, premium, penalty, fine, tax or other amount of money owed to the state or any of its political subdivisions because of a judgment, fine, permit violation, license assessment, defaulted workers' compensation premium, penalty or other assessment presently delinquent or due and required to be paid to the state or any of its political subdivisions, including any interest or additional penalties accrued thereon.

"Employer default" means having an outstanding balance or liability to the old fund or to the uninsured employers' fund or being in policy default, as defined in W. Va. Code § 23-2c-2, failure to maintain mandatory workers' compensation coverage, or failure to fully meet its obligations as a workers' compensation self-insured employer. An employer is not in employer default if it has entered into a repayment agreement with the Insurance Commissioner and remains in compliance with the obligations under the repayment agreement.

"Related party" means a party, whether an individual, corporation, partnership, association, limited liability company or any other form or business association or other entity whatsoever, related to any vendor by blood, marriage, ownership or contract through which the party has a relationship of ownership or other interest with the vendor so that the party will actually or by effect receive or control a portion of the benefit, profit or other consideration from performance of a vendor contract with the party receiving an amount that meets or exceed five percent of the total contract amount.

AFFIRMATION: By signing this form, the vendor's authorized signer affirms and acknowledges under penalty of law for false swearing (*W. Va. Code* §61-5-3) that neither vendor nor any related party owe a debt as defined above and that neither vendor nor any related party are in employer default as defined above, unless the debt or employer default is permitted under the exception above.

WITNESS THE FOLLOWING SIGNATURE:

Vendor's Name: Pharmacy Systems, Inc.

Authorized Signature: Michael P. McCarroll Date: December 10, 2015

State of Ohio

County of Franklin, to-wit:

Taken, subscribed, and sworn to before me this 10 day of December, 2015.

My Commission expires January 5, 2018.

AFFIX SEAL HERE

NOTARY PUBLIC Debbie L. Smith

Debbie L. Smith
Notary Public, State of Ohio
My Commission Expires 01-05-2018

WV-10
Approved / Revised
08/01/15

State of West Virginia
VENDOR PREFERENCE CERTIFICATE

Certification and application is hereby made for Preference in accordance with ***West Virginia Code***, §5A-3-37. (Does not apply to construction contracts). ***West Virginia Code***, §5A-3-37, provides an opportunity for qualifying vendors to request (at the time of bid) preference for their residency status. Such preference is an evaluation method only and will be applied only to the cost bid in accordance with the ***West Virginia Code***. This certificate for application is to be used to request such preference. The Purchasing Division will make the determination of the Vendor Preference, if applicable.

1. **Application is made for 2.5% vendor preference for the reason checked:**

☐ Bidder is an individual resident vendor and has resided continuously in West Virginia for four (4) years immediately preceding the date of this certification; **or,**

☐ Bidder is a partnership, association or corporation resident vendor and has maintained its headquarters or principal place of business continuously in West Virginia for four (4) years immediately preceding the date of this certification; or 80% of the ownership interest of Bidder is held by another individual, partnership, association or corporation resident vendor who has maintained its headquarters or principal place of business continuously in West Virginia for four (4) years immediately preceding the date of this certification; **or,**

☐ Bidder is a nonresident vendor which has an affiliate or subsidiary which employs a minimum of one hundred state residents and which has maintained its headquarters or principal place of business within West Virginia continuously for the four (4) years immediately preceding the date of this certification; **or,**

2. **Application is made for 2.5% vendor preference for the reason checked:**

☐ Bidder is a resident vendor who certifies that, during the life of the contract, on average at least 75% of the employees working on the project being bid are residents of West Virginia who have resided in the state continuously for the two years immediately preceding submission of this bid; **or,**

3. **Application is made for 2.5% vendor preference for the reason checked:**

☐ Bidder is a nonresident vendor employing a minimum of one hundred state residents or is a nonresident vendor with an affiliate or subsidiary which maintains its headquarters or principal place of business within West Virginia employing a minimum of one hundred state residents who certifies that, during the life of the contract, on average at least 75% of the employees or Bidder's affiliate's or subsidiary's employees are residents of West Virginia who have resided in the state continuously for the two years immediately preceding submission of this bid; **or,**

4. **Application is made for 5% vendor preference for the reason checked:**

☐ Bidder meets either the requirement of both subdivisions (1) and (2) or subdivision (1) and (3) as stated above; **or,**

5. **Application is made for 3.5% vendor preference who is a veteran for the reason checked:**

☐ Bidder is an individual resident vendor who is a veteran of the United States armed forces, the reserves or the National Guard and has resided in West Virginia continuously for the four years immediately preceding the date on which the bid is submitted; **or,**

6. **Application is made for 3.5% vendor preference who is a veteran for the reason checked:**

☐ Bidder is a resident vendor who is a veteran of the United States armed forces, the reserves or the National Guard, if, for purposes of producing or distributing the commodities or completing the project which is the subject of the vendor's bid and continuously over the entire term of the project, on average at least seventy-five percent of the vendor's employees are residents of West Virginia who have resided in the state continuously for the two immediately preceding years.

7. **Application is made for preference as a non-resident small, women- and minority-owned business, in accordance with *West Virginia Code* §5A-3-59 and *West Virginia Code of State Rules*.**

☐ Bidder has been or expects to be approved prior to contract award by the Purchasing Division as a certified small, women- and minority-owned business.

Bidder understands if the Secretary of Revenue determines that a Bidder receiving preference has failed to continue to meet the requirements for such preference, the Secretary may order the Director of Purchasing to: (a) reject the bid; or (b) assess a penalty against such Bidder in an amount not to exceed 5% of the bid amount and that such penalty will be paid to the contracting agency or deducted from any unpaid balance on the contract or purchase order.

By submission of this certificate, Bidder agrees to disclose any reasonably requested information to the Purchasing Division and authorizes the Department of Revenue to disclose to the Director of Purchasing appropriate information verifying that Bidder has paid the required business taxes, provided that such information does not contain the amounts of taxes paid nor any other information deemed by the Tax Commissioner to be confidential.

Under penalty of law for false swearing (West Virginia Code, §61-5-3), Bidder hereby certifies that this certificate is true and accurate in all respects; and that if a contract is issued to Bidder and if anything contained within this certificate changes during the term of the contract, Bidder will notify the Purchasing Division in writing immediately.

Bidder: Pharmacy Systems, Inc. **Signed:** Michael P Ward

Date: December 10, 2015 **Title:** President

Pharmacy Systems, Inc.

Pharmacy Services for

Welch Community Hospital

CRFQ 0506 WEH 1600000009

Section II

Specifications

- Qualifications
- Mandatory Requirements
- Miscellaneous – Contract Manager

December 10, 2015

SPECIFICATIONS

1. **PURPOSE AND SCOPE:** The West Virginia Purchasing Division is soliciting bids on behalf of WVDHHR/BHHF/Welch Community Hospital to establish a contract for a vendor for Pharmacy Management Services, to administer, manage and operate the Pharmacy for Welch Community Hospital (WCH).

2. **DEFINITIONS:** The terms listed below shall have the meanings assigned to them below. Additional definitions can be found in section 2 of the General Terms and Conditions.

   2.1 "Contract Services" means Pharmacy Management Services provider as more fully described in these specifications.

   2.2 "Pricing Page" means the pages, contained wvOASIS or attached hereto as Exhibit A, upon which Vendor should list its proposed price for the Contract Services.

   2.3 "Solicitation" means the official notice of an opportunity to supply the State with goods or services that is published by the Purchasing Division.

3. **QUALIFICATIONS:** Vendor, or Vendor's staff if requirements are inherently limited to individuals rather than corporate entities, shall have the following minimum qualifications:

   3.1. Vendor shall obtain all federal and state requirements regarding licensing and certification of pharmacy management and staffing.

   See *Appendix A* for Certificate of Authorization for West Virginia. Also see West Virginia Board of Pharmacy Registered Licenses and Registered Pharmacy Technician Certificates in Section I.

3.2. Vendor shall provide upon request verification of a minimum of three years' experience of pharmacy management and staffing.

Pharmacy Systems, Inc. (PSI) has over forty-two (42) years of experience of Pharmacy Management and Staffing. PSI works with over 100 hospitals, and in West Virginia, we work with the clients shown below.

Client	
Denise Westwood **Chief Nursing Officer** **Weirton Medical Center** **601 Colliers Way** **Weirton, WV 26062** **(304) 797-6000**	**Transitioned from Cardinal Health in March 2011**
Mr. Warren Kelley **Chief Information Officer** **Reynolds Memorial Hospital** **800 Wheeling Avenue** **Glen Dale, WV 26038** **(304) 845-3211**	
Mr. Gene Preston **V.P. of Physician Services & Managed Care** **Cabell Huntington Hospital** **1340 Hal Greer Blvd.** **Huntington, WV 25701-0195** **(304) 526-2000**	
Mr. David McClure **Chief Executive Officer** **Camden Clark Medical Center** **800 Garfield Avenue** **Parkersburg, WV 26101** **(304) 424-2111**	

4. MANDATORY REQUIREMENTS:

4.1 Mandatory Contract Services Requirements and Deliverables: Contract Services must meet or exceed the mandatory requirements listed below.

PSI will exceed the Mandatory Requirements below. See *Appendix B* for PSI's Implementation Plan Summary for Welch Community Hospital (WCH).

4.1.1 The vendor must quote the providing of Pharmacy Management Services; to administer, manage, and operate the pharmacy of Welch Community Hospital, to include the following services:

4.1.1.1 Must provide qualified personnel in appropriate numbers to provide coverage of Welch Community Hospital's pharmacy during the hours of 8:00 am till 5:00 pm Monday through Friday, 8:00 am till 12:00 pm on Saturday and Sunday with the remaining hours being covered by pharmacists being on call.

PSI will provide qualified personnel in appropriate numbers for coverage of WCH's Pharmacy during the hours of 8:00 am till 5:00 pm Monday through Friday, 8:00 am till 12:00 pm on Saturday and Sunday with the remaining hours being covered by pharmacists being on call. PSI manages over one hundred (100) Pharmacy sites. The hours of operations of our pharmacies varies and are based on work volume along with patient, nursing, physicians, and other customer needs. During our initial ninety (90) day operations assessment we will review the overall needs of all pharmacy customers in order to determine the necessary operational alignment to optimize service. Performance Improvement indicators will be established in order to measure key performance metrics and outcomes will be consistently communicated to the administrative team.

4.1.1.2 Must provide seven days per week coverage of a duly licensed and qualified Pharmacist and Support Staff. Current staffing is two (2) full time Pharmacists, and three (3) full time pharmacy technicians; however, staffing is at the discretion of the successful vendor provided that adequate coverage is provided and all pharmacy staff must be provided by the successful vendor. All pharmacy staff must be licensed by the WV Board of Pharmacy. Successful Vendor must provide verification of State of West Virginia Board of Pharmacy Registered Pharmacist License and State of West Virginia Board of Pharmacy Registered Pharmacy Technician Certificate for each employee upon award. Vendor must comply with all regulations as established by the WV Health Care Authority, http://www.hca.wv.gov/policyandplanning/Pages/StateHealthPlan.aspx, WV State Board of Pharmacy, http://www.wvbop.com/index.php?option=com_content&view=article&id=54&Itemid=84 , and Welch Community Hospital (see attachment) rules and regulations.

PSI will initially provide one (1) Director of Pharmacy, one (1) Full-Time Equivalent (FTE) Pharmacist and three (3) FTE Pharmacy Technicians. If we are awarded the contract, we will do further analysis on the processes to define capacity requirements. This will allow us to align personnel with demand of the pharmacy and meet WCH's service level

expectations. In addition, all pharmacy staff will be licensed by the West Virginia Board of Pharmacy. PSI will look to retain any current staff members acceptable to WCH.

4.1.1.3 Vendor must oversee the provision of quality pharmacy services by promoting consistency, continuity and safety.

PSI will oversee the provision of quality pharmacy services by promoting consistency, continuity, and safety.

PSI will conduct a comprehensive Operations Audit upon contract initiation. The Operations Audit consists of over 250 criteria that address the entire scope of medication management including, but not limited to, DEA regulations, State of West Virginia drug laws and practice standards, CMS and accreditation standards that address medication storage, dispensing, and administration, human resources requirements, performance improvement activities, CDC guidelines for infection control, USP 795 and 797, and ISMP best practices. An Action Plan is created from the Audit results and PSI's Director of Pharmacy and Regional Director of Operations will work together using tools and resources from PSI to achieve and maintain compliance with the standards.

4.1.1.4 Vendor must provide management of pharmacy inventory, in accordance with West Virginia Department of Health and Human Resources and State of West Virginia Purchasing Policies and Procedures.
http://www.state.wv.us/admin/purchase/Handbook/default.html

In accordance with the West Virginia Department of Health and Human Resources and the state of West Virginia Purchasing policies and procedures, PSI will utilize supply chain best practices to ensure that from procurement to pay our partners are optimizing expense reduction methodology and operating as efficiently as possible. PSI will maximize the utilization of purchasing agreements that are aligned with the WCH while identifying opportunities to enhance pricing through drug therapy standardization. A daily review will be completed of purchases to optimize contract utilization while PAR levels will be established at the line item level to maximize inventory turnover. PSI's significant direct experience in purchasing allows us to quickly identify and address changes in drug utilization thus ensuring a high level of service and availability of product while optimal inventory turnover rates are achieved. PSI provides a comprehensive training program for pharmacy team members on inventory control, purchasing contract compliance and workflow optimization through our PSI Resource Center.

4.1.1.5 Vendor must provide management of the Pharmacy Sterile Preparations Program that includes all large volume IV additives, hyperalientations, and piggybacks. The vendor must follow all regulations in accordance with Federal Regulation USP <797>: http://www.pbm.va.gov/LinksAndOtherResources/USP%20797%20Pharmaceutical%20Compounding%20-%20Sterile%20Compounding.pdf. Vendor must provide qualified personnel to compound sterile preparations.

PSI will comply. (Also see response to 4.1.1.3)

4.1.1.6 Vendor must administer the drug interaction program to assure that pharmacy profiles are maintained to support a defined drug interaction program and review individual patient drug therapy for incompatibilities, age related doses and minimum and maximum daily doses.

PSI will administer the drug interaction program to assure that pharmacy profiles are maintained to support a defined drug interaction program and review individual patient drug therapy for incompatibilities, age related doses and minimum and maximum daily doses.

In addition, PSI will implement, if necessary, Rx Medi-Trend[SM] is a proprietary tool proven by PSI for use at our client hospitals. Rx Medi-Trend[SM] is a web-based, paperless, application designed to track, trend and report quality improvement and areas of risk that can result in patient harm within your facility, including:

Patient Safety
- **Medication Errors**
- **Adverse Drug Events**
- **Unusual Occurrences**

Performance Improvement
- **Hospital Activities**
- **Medication Use Evaluations**

Pharmacist Interventions
Features
- **User friendly interface with training support**
- **Fully customizable to meet your facility's needs**

- **Secure storage of hospital specific data**
- **HIPAA compliant**
- **Formulary management system including identification of high risk and sound-alike/look-alike medications**
- **Formulary access to all members of the healthcare team**

Rx Medi-Trend[SM] is utilized as a solution to identify areas of risk and opportunities for improvement. Targeting these performance improvement activities and clinical interventions will ultimately result in improved patient safety, improved quality of care, maintaining accreditation status, and cost avoidance.

PSI's proprietary Benchmark Solutions also allows visibility to how your facility compares to other facilities of similar size and scope in numerous indicators, such as drug and labor costs. See *Appendix C* for additional information on Rx Medi-Trend[SM].

4.1.1.7 Must provide emergency coverage of the Pharmacy during hours when not in operation pharmacy during the hours of 5:00 p.m. till 8:00 a.m. Monday through Friday, 12:00 p.m. till 8:00 a.m. on Saturday and Sunday by the on call pharmacist.

A pharmacist will be available 24/7/365 for support of physicians, nurses, patients and other healthcare givers. On-call support will be available whenever the pharmacy is closed. A pharmacist will come in to the pharmacy, while on call, if needed to support the care of the patient.

The PSI Quality Resource Department supports our Regional Directors of Operations, Regional Directors of Clinical Services, and Pharmacist in the field for regulatory, clinical, and operational support as needed. Our extensive network of pharmacy experts ensures that appropriate consultation is always available 24/7/365 to meet your needs.

4.1.1.8 Must oversee all pharmacy personnel to insure adequate and competent coverage.

A PSI Regional Vice President (RVP), will assign a Regional Director of Operations (RDO), and a Regional Director of Clinical Services (RDCS) responsible for PSI's operations at WCH.

- **The RDO has the official responsibility of PSI's services at WCH and works closely with the RVP and other opening team members to prepare WCH for the transition and start-up of our program. The RDO will be on-site every four (4) to eight (8) weeks after the first ninety (90) day transition period. During the initial ninety (90) day transition period, contact will be made on a weekly basis.**

- **PSI's Regional Director of Clinical Services (RDCS), will assist in the development, implementation and monitoring of clinical programs**

Implementation Assessment

An Implementation Assessment (Initial Audit), see Appendix D, for a summary of the Audit, of the pharmacy will be performed by PSI's Director of Quality.

A thorough assessment is essential to a successful start-up. The assessment is used to develop the Implementation Report and Plan and to assist in developing a prioritized list of goals.

Pharmacy Staff

PSI's Director of Pharmacy (DOP) will be responsible for managing all aspects of the Pharmacy Department encompassing operational, clinical and financial functions. The DOP will work with PSI's Director of Recruiting, to identify and hire our team during the transition period. PSI will work with WCH to retain as many of the current Pharmacy Staff as possible. In the event that the current staff is not able to be retained PSI will utilize staff from its interim resource team.

4.1.1.9 Must maintain drug inventories to assure the availability of quality pharmaceuticals at reasonable costs in a timely and effective manner. The facility pays for all medication ordered. Pharmacy Management is not responsible for paying for medications nor do they receive any revenue from medications.

In accordance with the West Virginia Department of Health and Human Resources and the state of West Virginia Purchasing policies and procedures, PSI will utilize supply chain best practices to ensure that from procurement to pay our partners are optimizing expense reduction methodology and operating as efficiently as possible. PSI will maximize the utilization of purchasing agreements that are aligned with the WCH while identifying opportunities to enhance pricing through drug therapy standardization. A daily review will be completed of purchases to optimize contract utilization while PAR levels will be established at the line item level to maximize inventory turnover. PSI's significant direct experience in purchasing allows us to quickly identify and address changes in drug utilization thus ensuring a high level of service and availability of product while optimal inventory turnover rates are achieved. PSI provides a comprehensive training program for pharmacy team members on inventory control, purchasing contract compliance and workflow optimization through our PSI Resource Center.

4.1.1.10 Must provide continuing education and consultation to nurses, physicians and other health professionals relating to new pharmaceutical developments and clinical and drug informational services.

PSI provides continuing education and consultation to nurses, physicians and other health professionals relating to new pharmaceutical developments and clinical and drug informational services.

PSI will provide extensive Clinical Pharmacy Services. PSI utilizes a proprietary tracking software, PSI Benchmark Solutions[SM], to track and trend wholesaler and secondary drug purchases on a monthly basis. These reports are accessible both onsite and remotely, and the program has the ability to generate on-demand reports down to the AHFS therapeutic category level. PSI provides individuals with clinical and operational expertise to review these reports, identify outlier purchases, and implement cost containment strategies customized by facility. The strategies include conducting utilization studies of high cost/high risk medications and empowering clinical pharmacists to work with the prescribers and nursing associates to reduce drug costs while offering effective therapies. The activities of the clinical pharmacy services tracked using our intervention software, Rx Medi-Trend[SM].

4.1.1.11 Must have the ability to work within the Facility's integrated CPOE (Computerized Physician Order Entry) system. The Facility utilizes Open Vista, developed by the U.S. Department of Veterans Affairs, as their electronic health record. The pharmacist shall verify and finish orders within the system to work in BCMA (Bar Code Medication Administration). The Facility provides both hardware and software programs. The Pharmacist shall assist the State in maintaining the shared master drug file (The shared drug file is utilized by all State Facilities). The Facility utilizes the National Drug File (NDF) Support Group whom updates and maintains the drug-drug interaction file in Open Vista.

PSI has the ability to work within WCH's integrated CPOE system. The Pharmacist shall verify and finish orders within the system to work in BCMA. The Pharmacist shall also assist the state in maintaining the Shared Master File for WCH

PSI has specific tools, resources, and recommendations concerning maintaining the drug master and formulary file. We will work

collaboratively with WCH to implement these tools and resources to achieve best practice standards, increase operating efficiencies, and appropriate patient billing. These tools are incorporated into DOP training, ongoing performance improvement indicators, recommended policies, and other resources such as our Pharmacy "Financial/Purchasing Guide Book" and DOP Dashboard. Specific steps and processes to maintain the drug master and formulary file for patient billing include the following:

Updating Drug Cost

- **Average wholesaler pricing or acquisition cost will be updated at least quarterly to the financial system.**
- **The type of cost to be updated is dependent on the hospital's information system and hospital patient drug billing formula. Updates will be accomplished electronically from the drug wholesaler, other vendor service, or manually.**

Add/Changes/Deletions to the Drug Master

- **Documentation of any additions, changes, or deletions to the drug master will be made available to the hospital Finance department for acknowledgement and approval.**
- **Upon approval of a medication addition to the formulary and adding a medication to the drug master, as well as any deletions or other changes, communication will occur between pharmacy and Finance to ensure that records in both areas are updated for Finance to produce an appropriate patient charge.**

National Drug Code (NDC) Numbers

- **Verify and ensure that NDC numbers in the drug master match what is in the physical drug inventory to comply with components of the The Deficit Reduction Act of 2005.**
- **This process may include assigning staff responsibility to review purchases and ensure NDC numbers are updated in the drug data base.**

Charge Master/Drug Pricing Formula Review

- **Work collaboratively with Finance to implement at least an annual review of the charge master.**
- **Obtain from the hospital chief financial officer annual review and approval of the drug pricing formula.**

Patient Medication Billing Audits

- **Work collaboratively with finance to perform at least quarterly patient medication billing audits of an appropriate number of medications. This should be at least ten medications from at least three patient bills.**
- **Review that the charge appearing on the patient bill is accurate.**

- **Review that the number of medications charge to the patient is documented as being administered to the patient.**
- **Report results to the Corporate Compliance Committee or its equivalent.**

J Code Multipliers

- **Ensure that J code multipliers are accurately applied.**
- **Work collaboratively with Finance to perform quarterly patient billing audits.**
- **Determine which medications on the patient bill have a J code multiplier and if the J code multiplier is being accurately applied.**

4.1.1.12 Must provide or advise the hospital administration regarding equipment that may be needed in order to provide for the efficient and timely delivery of pharmacy services.

PSI will advise WCH Hospital Administration regarding equipment that may be needed for in order to provide for the efficient and timely delivery of Pharmacy Services. All equipment will be maintained by following manufacturer recommendations to ensure longevity and minimal downtime in the case of the packaging machine. For example, packaging machines will be cleaned daily and undergo routine preventative maintenance as determined by use patterns. As equipment becomes obsolete, unrepairable, or inadequate, PSI will recommend replacement and recommend the highest quality, most cost-effective source.

4.1.1.13 Must ensure that all medications are "in date" and available when needed.

PSI's policies and procedures, as well as the Operations Audit, requires Pharmacy Personnel to inspect and document monthly review of all medication storage areas. The inspection form contains over 30 specific items that are to be reviewed during a unit inspection to ensure all medications are in date and available. Such items include expiration dates, recalled medications, temperature monitoring, and medication security. Policies and Procedures and Audit criteria also require nursing to perform a check daily on all crash carts to ensure integrity of the medications, and pharmacy performs a full inspection of crash carts monthly.

4.1.1.14 Must provide and assist hospital in developing policies and procedures individually tailored to meet the pharmacy requirements of WCH.

PSI shall provide and assist hospital in developing policies and procedures individually tailored to meet the pharmacy requirements of WCH.

PSI provides as a template, a robust collection of policies and procedures that are reviewed and updated regularly by a Quality Resource Manager. Each update is accompanied by a required webinar that each DOP is required to review prior to implementing the changes. The DOP is then required to take each update to the Pharmacy & Therapeutics (or related committee) for approval. Compliance with these policies is measured by the Operations Audit and the results are communicated regularly to hospital administration by a Regional Director of Operations.

4.1.1.15 Must implement and update, in conjunction with medical staff, on a continuing basis, a formulary system that assures that duplication of medication inventory is minimized and aid in selection of the most appropriate, cost effective drugs.

PSI shall implement and update, in conjunction with medical staff, on a continuing basis, a formulary system that assures that duplication of medication inventory is minimized and aid in selection of the most appropriate, cost effective drugs.

PSI utilizes a proprietary tracking software, PSI Benchmark Solutions℠, to track and trend wholesaler and secondary drug purchases on a monthly basis. These reports are accessible both onsite and remotely, and the program has the ability to generate on-demand reports down to the AHFS therapeutic category level. PSI provides individuals with clinical and operational expertise to review these reports, identify outlier purchases, and implement cost containment strategies customized by facility. The strategies include conducting utilization studies of high cost/high risk medications and empowering clinical pharmacists to work with the prescribers and nursing associates to reduce drug costs while offering effective therapies. The activities of the clinical pharmacy services tracked using our intervention software, Rx Medi-Trend℠.

4.1.1.16 The Facility utilizes bar code technology (Bar Code Medication Administration) in administering medication. All drugs must be unit-dosed with attached bar codes. The pharmacist shall be responsible for scanning all new drugs purchased into the system.

With over 100 clients, PSI has a broad range of experience with bar code technology and will comply with 4.1.1.16.

Bar code scanning is used in over ninety-five percent (95%) of our client hospitals giving PSI a considerable amount of expertise in bar code scanning capability. Benchmarking the number of bar code scans at administration of medication or dispensing of prescriptions and continuously reporting on this statistic is a key element in bar code scanning implementation programs. In 2012, 2013, 2014, and 2015 we participated in a focused initiative at a client hospital to improve medication administration verification (bar code scanning) for patient safety. The results of this program were recently presented to our Directors of Pharmacy and leadership team at our Annual Meeting. Findings included setting definite compliance goals with clear communication strategies. The study concluded that the most impactful way to improve bar code scanning compliance was to use the compliance rate as a performance review indicator for multiple disciplines (nurses and pharmacy).

4.1.1.17 Shall enter patient charges into the hospital's accounting system for floor stock utilized, as identified by the charging individual. Must minimize lost charges from floor stock.

PSI shall enter patient charges into the hospital's accounting system for floor stock utilized, as identified by the charging individual while minimizing lost charges from floor stock.

4.1.1.18 Must permit the Department's authorized representatives and designees to have free access to the pharmacy and to observe and inspect its operation at any time, with or without notice, as deemed necessary by the representatives and to cooperate with the representatives by sharing all facility records, including financial and other relevant information upon request. The vendor must ensure maintenance of all records deemed necessary by the Department for proper monitoring and auditing of its performance under the contract.

PSI shall comply with 4.1.1.18. In addition, see PSI's response in 4.1.1.24 as to PSI's client focused relationship plan.

4.1.1.19 Must permit the Department to perform evaluations of the vendor's proper monitoring and auditing of its performance under the contract.

PSI shall permit the Department to perform evaluations of the vendor's proper monitoring and auditing of its performance under the contract.

4.1.1.20 Must permit the Department to perform evaluations of the vendor's performance of the terms of the contract, and make its findings known to the contractor and to any third parties as deemed appropriate by the Department.

PSI shall comply with 4.1.1.20.

4.1.1.21 Must immediately notify the Department of any matters alleging liability of the facility, pharmacy or staff.

PSI shall immediately notify the Department of any matters alleging liability of the facility, pharmacy or staff.

4.1.1.22 Must submit periodic reports to the WCH Administration/Department regarding management of the pharmacy in accordance with procedures and established by the WCH Administration/Department.

PSI will submit reports to WCH Administration/Department regarding the management of the Pharmacy in accordance with procedures established by the WCH Administration Department.

PSI will be on-site with the DOP to review operations audit readiness, data reporting and benchmarking, and strategic account planning every 4 weeks for the initial 6 months of contract assumption, and then every 4 – 8 weeks. PSI will also schedule routine and organized communication, mainly through in-person meetings, with key administrative team members at WCH to establish priorities, needs, and service level expectations of the Pharmacy Department. Conversation content will be documented and sent to leadership in a standard "Visit Report" (see *Appendix E*).

After 90 days of service, PSI will present an Implementation Presentation and Plan for the pharmacy. This will incorporate the priorities of the hospital discovered during the initiation phase of service. Clinical findings, operations audit findings, definitive accountability metrics, and first year goals will be discussed and agreed to during the Implementation Presentation meeting.

Annually, PSI will meet with hospital leadership to perform an Annual Business Review. The Annual Business Review provides an overview of the pharmacy performance during past year, celebrating our mutual successes and acknowledging our opportunities for improvement. The

purpose of the Annual Business Review is to also bring focus to our vision and plan for continued success together.

Our comprehensive communication plan which incorporates input from key stakeholders and facility leaders has been used successfully in over 100 of our client partners.

4.1.1.23 Must assure that all hospital records, medical records, financial and other reports and records are maintained on conformity with applicable federal and state regulations and established industry standards.

PSI shall assure that all hospital records, medical records, financial and other reports and records are maintained on conformity with applicable federal and state regulations and established industry standards.

In addition to policies and procedures that pertain to appropriate record keeping and the Operations Audit, PSI also requires all PSI managed pharmacies to conduct monthly audits of each step in the controlled substance record keeping process. These include:

1. **Matching controlled substance removal records to administration, return, or waste;**
2. **Controlled substances delivered to the patient care area have been documented in the pharmacy perpetual inventory;**
3. **Controlled substances delivered to the patient care area are signed, witnessed, or electronically reconciled;**
4. **Controlled substances on the monthly wholesaler report match what was received;**
5. **Monthly counts of all controlled substances;**
6. **Monthly inventory of all DEA Form 222s.**

These audit steps are documented in Rx Medi-Trend[SM] for reporting and tracking purposes.

PSI also has a Drug Diversion Prevention and Surveillance Toolkit (see *Appendix F*) that contains additional information.

4.1.1.24 Must confer with and assist the Department in evaluating the pharmacy services and in long range planning in order to meet the healthcare needs of WCH's patients.

In our experience the relationships PSI will have with WCH will be more extensive and thorough than what you have received from other partners. PSI shall confer with and assist the Department in evaluating the

pharmacy services, and long range planning in order to meet the needs of WCH's patients.
Our partnership program is designed to have consistent contact from the following PSI team members:

- **Regional Director of Client Relations – required to assess client satisfaction every six (6) to eight (8) months**
- **Regional Vice President – required to meet with client every six (6) to eight (8) months to ensure satisfaction**
- **Regional Director of Operations– required to be on-site every four (4) to eight (8) weeks to ensure satisfaction**
- **Director of Pharmacy – day to day responsibility for client satisfaction**
- **Regional Director of Clinical Services– provides support in the development and monitoring of clinical programs**

If your satisfaction is not identified and addressed in a timely manner by the team members above, please contact any of our Principles - *Michael McCarrell, President, Chuck Bernotas, Business Development Vice President, Lars Ringger, Regional Vice President, or Sarah Start, Senior Regional Director of Operations*, and we will see that any issue is addressed in a timely fashion.

4.1.1.25 The pharmacy will not provide any outpatient services (such as employee prescriptions, discharge prescriptions, clinic support).

PSI shall comply with 4.1.1.25.

4.1.1.26 Must serve on WCH and Pharmacy Committee as appropriate.

PSI shall comply with 4.1.1.26.

4.1.1.27 Must provide Clinical Pharmacy Services, including: formulary, management, tabulated antibiotic, econotherapeutic information to the Medical Staff, dose and serum concentration reviews with dosing recommendations.

PSI will provide extensive Clinical Pharmacy Services. PSI utilizes a proprietary tracking software, PSI Benchmark Solutions[SM], to track and trend wholesaler and secondary drug purchases on a monthly basis. These reports are accessible both onsite and remotely, and the program has the ability to generate on-demand reports down to the AHFS therapeutic category level. PSI provides individuals with clinical and operational expertise to review these reports, identify outlier purchases, and implement cost containment strategies customized by facility. The

strategies include conducting utilization studies of high cost/high risk medications and empowering clinical pharmacists to work with the prescribers and nursing associates to reduce drug costs while offering effective therapies. The activities of the clinical pharmacy services tracked using our intervention software, Rx Medi-Trend[SM].

4.1.1.28 Must integrate contract staff into hospital operations and must participate with Total Quality Management and other Quality Management activities that may be implemented as required.

PSI maintains a commitment to Total Quality Management and other quality Management activities and requires each DOP to identify a performance improvement plan that is reviewed quarterly. Projects are chosen to reflect hospital goals and any recurring issues observed in the medication management process. Each PSI employee is also required to review and track a number of indicators that are standard throughout PSI, including anesthesia controlled substance documentation and billing charge audits. The DOP is expected to work collaboratively with the hospital administrator assigned to quality to identify new opportunities and report on progress toward improvement.

4.1.1.29 Must place orders for drugs from the Agency-Wide Drug Contract via automated ordering system.

PSI shall place orders for drugs from the Agency-Wide Drug Contract via the automated ordering system.

4.1.1.30 Must provide ongoing medical staff education utilizing newsletters, on-site in-services and medical information obtained from company resources. (Accredited medical/pharmacy school may also be utilized.)

PSI's Operations Audit standards require the DOP to have a strategy in place to provide communication/education to nursing and medical staff. These could be in the form of newsletters or inservices, or any other format requested by nursing and medical staff.

PSI utilizes a web-based Resource Center to collect and disseminate detailed pharmaceutical information to each partner hospital's professional staff. This Resource Center presently houses several thousand documents that provide educational support including drug information, cost savings initiatives, and therapeutic recommendations. All resources are routinely updated and available for research and distribution in real-time, 24 hours a day. Additionally, PSI's employs webinar technology to frequently update staff on

regulatory issues and pertinent clinical advances. PSI Grand Rounds webinars routinely highlight clinical, quality, and operations topics and are directed to pharmacists, physicians, and administrators audience alike.

5. CONTRACT AWARD:

5.1 Contract Award: The Contract is intended to provide Agency with a purchase price for the Contract Services. The Contract shall be awarded to the Vendor that provides the Contract Services meeting the required specifications for the lowest overall total cost as shown on the Pricing Pages.

5.2 Pricing Page: Vendor should complete the Pricing Page by completing the Pricing Page included within this solicitation. Vendor should complete the Pricing Page in full as failure to complete the Pricing Page in its entirety may result in Vendor's bid being disqualified.

Vendor should type or electronically enter the information into the Pricing Pages through wvOASIS, if available, or as an electronic document. In most cases, the Vendor can request an electronic copy of the Pricing Pages for bid purposes by sending an email request to the following address: April.E.Battle@wv.gov.

6. **PERFORMANCE:** Vendor and Agency shall agree upon a schedule for performance of Contract Services and Contract Services Deliverables, unless such a schedule is already included herein by Agency. In the event that this Contract is designated as an open-end contract, Vendor shall perform in accordance with the release orders that may be issued against this Contract.

7. **PAYMENT:** Agency shall pay a flat monthly fee as shown on the Pricing Pages, for all Contract Services performed and accepted under this Contract. Vendor shall accept payment in accordance with the payment procedures of the State of West Virginia.

8. **TRAVEL:** Vendor shall be responsible for all mileage and travel costs, including travel time, associated with performance of this Contract. Any anticipated mileage or travel costs may be included in the flat fee or hourly rate listed on Vendor's bid, but such costs will not be paid by the Agency separately.

9. **FACILITIES ACCESS:** Performance of Contract Services may require access cards and/or keys to gain entrance to Agency's facilities. In the event that access cards and/or keys are required:

9.1. Vendor must identify principal service personnel which will be issued access cards and/or keys to perform service.

9.2. Vendor will be responsible for controlling cards and keys and will pay replacement fee, if the cards or keys become lost or stolen.

9.3. Vendor shall notify Agency immediately of any lost, stolen, or missing card or key.

9.4. Anyone performing under this Contract will be subject to Agency's security protocol and procedures.

9.5. Vendor shall inform all staff of Agency's security protocol and procedures.

10. VENDOR DEFAULT:

10.1. The following shall be considered a vendor default under this Contract.

10.1.1. Failure to perform Contract Services in accordance with the requirements contained herein.

10.1.2. Failure to comply with other specifications and requirements contained herein.

10.1.3. Failure to comply with any laws, rules, and ordinances applicable to the Contract Services provided under this Contract.

10.1.4. Failure to remedy deficient performance upon request.

10.2. The following remedies shall be available to Agency upon default.

10.2.1. Immediate cancellation of the Contract.

10.2.2. Immediate cancellation of one or more release orders issued under this Contract.

10.2.3. Any other remedies available in law or equity.

11. MISCELLANEOUS:

11.1. Contract Manager: During its performance of this Contract, Vendor must designate and maintain a primary contract manager responsible for overseeing Vendor's responsibilities under this Contract. The Contract manager must be available during normal business hours to address any customer service or other issues related to this Contract. Vendor should list its Contract manager and his or her contact information below.

Contract Manager: Chuck Bernotas, Business Development VP
Telephone Number: (614) 766-0101 Ext. 15
Fax Number: (614) 766-4448
Email Address: cbernotas@pharmacysystems.com

Pharmacy Systems, Inc.

Pharmacy Services for

Welch Community Hospital

CRFQ 0506 WEH 1600000009

Section III

Appendices

December 10, 2015

West Virginia Secretary of State — Online Data Services

Business & Licensing

Online Data Services Help

Business Organization Detail

NOTICE: The West Virginia Secretary of State's Office makes every reasonable effort to ensure the accuracy of information. However, we make no representation or warranty as to the correctness or completeness of the information. If information is missing from this page, it is not in the The West Virginia Secretary of State's database.

PHARMACY SYSTEMS, INC.

Organization Information

Org Type	Effective Date	Filing Date	Charter	Class	Sec Type	Termination Date	Termination Reason
C | Corporation	6/27/1979	6/27/1979	Foreign	Profit			

Organization Information

Business Purpose		Capital Stock	0.0000
Charter County		Control Number	0
Charter State	OH	Excess Acres	0
At Will Term		Member Managed	
		Par Value	0.0000

June 27, 1979

Dear

Pharmacy Systems, Inc.

CARD TO BE REPLACED ONLY BY FILING CLERK

Name PHARMACY SYSTEMS, INC.

Foreign Corporation Ohio

Address 3366 Riverside Drive

Columbus, Ohio 43221

Admitted: June 27, 1971

Book Page

Notice or Process: Stuart A. Bishop
Same as above

Column 1	1	9	2
Column 2	8	2	3
Column 3	1	1	6
Column 4	6	7	9

CERTIFICATE

I, A. James Manchin, Secretary of State of the State of West Virginia, hereby certify that

duplicate originals of an application of

PHARMACY SYSTEMS, INC.

for a Certificate of Authority to transact business in the State of West Virginia, duly signed and verified pursuant to the provisions of Sections 53 and 54, Article 1, Chapter 31 of the Code of West Virginia, 1931, as amended, have been received in this office and are found to conform to law.

ACCORDINGLY, I hereby issue this Certificate of Authority to

PHARMACY SYSTEMS, INC. , an Ohio

corporation, to transact business in the State of West Virginia, and attach hereto a duplicate original of said application.

Given under my hand and the Great Seal of the said State at the City of Charleston, this

TWENTY-SEVENTH day of

JUNE, 19 79

A. James Manchin

JUN 27 1979

APPLICATION FOR CERTIFICATE OF AUTHORITY OF

PHARMACY SYSTEMS, INC.

To the Secretary of State
of the State of West Virginia:

Pursuant to the provisions of Sections 53 and 54, Article 1, Chapter 31 of the Code of West Virginia, the undersigned corporation hereby applies for a Certificate of Authority to transact business in West Virginia, and for that purpose submits the following statements:

The name of the corporation is: Pharmacy Systems, Inc.

The name which it elects to use in West Virginia is: Pharmacy Systems, Inc.

It is incorporated under the laws of Ohio.

Date of its incorporation is: January 22, 1973,

and the period of its duration is: Perpetual.

The address of its principal office in the State under the laws of which it is incorporated is: 3366 Riverside Drive, Columbus, Ohio 43221.

The address of the proposed office in West Virginia is: no office,

in the county of _____, State of West Virginia.

The name and address of the appointed person to whom notice or process may be sent is: Stuart A. Bishop, Pharmacy Systems, Inc. 3366 Riverside Drive, Columbus, Ohio 43221.

The purpose or purposes which it proposes to pursue in the transaction of business in West Virginia are: management services for hospital pharmacies

The names and addresses of directors and officers are:

NAME	OFFICE	ADDRESS
L. J. Bishop	President/Director	3366 Riverside Dr., Columbus, O.
Stuart A. Bishop	Vice President/Director	3366 Riverside Dr., Columbus, O.
Michael E. Moritz	Secretary/Director	155 East Broad St., Columbus, O.
Richard L. Melling, M.D.	Director	3366 Riverside Dr., Columbus, O.

The aggregate number of shares which it has authority to issue, itemized by classes, par value of shares, shares without par value, and series, if any, within a class, is:

Number of Shares	Class	Series	Par Value per share or statement that shares are without Par Value
200	B Common	----	No Par Value

The aggregate number of its issued shares, itemized by classes, par value of shares, shares without par value, and series, if any, within a class, is:

Number of Shares	Class	Series	Par Value per share or statement that shares are without Par Value
72	B Common	----	No Par Value

(See definition of "stated capital" in Notes.)

An estimate of the value of all property to be owned by the corporation for the following year, wherever located, is $ 35,000.

An estimate of the value of its property to be located within West Virginia during such year is $ 1,500.

An estimate of the gross amount of business to be transacted by the corporation during such year is $ 410,000

An estimate of the gross amount of business to be transacted by the corporation at or from places of business in West Virginia during such year is $ 42,000.

The number of acres of land it desires to hold in West Virginia is -0- acres.

Dated May 18, 19 79.

Pharmacy Systems, Inc.
Name of Corporation

By Stuart A. Bishop
Its President or Vice President
Stuart A. Bishop, Vice President

and Michael E. Moritz
Its Secretary or Asst. Secretary
Michael E. Moritz, Secretary

STATE OF Ohio
COUNTY OF Franklin ss:

I, Celia A. Longenbaker, a Notary Public do hereby certify that on this 25th day of June, 1979, personally appeared before me Stuart Bishop / Michael Moritz, who, being by me first duly sworn, declared that he/she is the V. Pres / Secretary of Pharmacy Systems, that he/she signed the foregoing document as V. Pres / Secretary of the corporation, and that the statements therein contained are true.

Celia A. Longenbaker
Notary Public

(NOTARIAL SEAL)

My Commission expires: CELIA A. LONGENBAKER NOTARY PUBLIC, FRANKLIN COUNTY, OHIO MY COMMISSION EXPIRES NOV. 14, 1979

IMPORTANT—

EXECUTED DUPLICATE ORIGINALS of this application must be filed, together with two copies of the Articles of Incorporation and all Amendments thereto, or a proper Restatement thereto, duly certified by the proper officer of the state or country under the laws of which it is incorporated, AND a Statement or Certificate, in duplicate, from such officer that the corporation is in good standing with the state or country under the laws of which it is incorporated, shall be delivered to the Secretary of State.

Notes: 1. If the name of the corporation does not contain the word "corporation," "company," "incorporated," or "limited," or an abbreviation of one of such words, insert the name of the corporation with the word or abbreviation which it elects to add thereto for use in this state.

2. Give exact corporate name of corporation making application.

3. Signatures and titles of officers signing for the corporation — any two or more offices may be held by the same person, except the offices of president and secretary. Code 31-1-104.

4. No corporation shall be qualified in this State under any name which includes the word "engineer," "engineers," "engineering" or any combination of same unless the purpose of the corporation is to practice professional engineering, and one or more of the incorporators is a registered professional engineer. Code 31-1-11.

5. "Stated capital" means, at any particular time the sum of (1) the par value of all shares of a corporation having a par value that have been issued, (2) the amount of the consideration received by a business corporation for all shares of such corporation without par value that have been issued, except such part of the consideration therefor as may have been allocated to capital surplus in a manner permitted by law, and (3) such amounts not included in clauses (1) and (2) as have been transferred to stated capital of such corporation, whether upon the issue of shares as a share dividend or otherwise, minus all reductions from such sums as have been effected in a manner permitted by law, Irrespective of the manner of designation thereof by the laws under which a foreign corporation is organized, the stated capital of a foreign corporation shall be determined on the same basis and in the same manner as the stated capital of a domestic corporation, for the purpose of computing fees, franchise taxes and other charges prescribed by law.

SEE ATTACHED FEE SCHEDULE

UNITED STATES OF AMERICA,
STATE OF OHIO,
OFFICE OF THE SECRETARY OF STATE.

I, ANTHONY J. CELEBREZZE, JR.,

do hereby certify that I am the duly elected, qualified and present acting Secretary of State for the State of Ohio, and as such have custody of the records of Ohio and Foreign corporations; that said records show PHARMACY SYSTEMS, INC., an Ohio corporation, Charter 0434673, principal location of Columbus, county of Franklin, was incorporated January 22, 1973 and is currently in GOOD STANDING upon the records of this office.

WITNESS my hand and official seal at Columbus, Ohio, this 30TH *day of* MARCH, *A. D. 19*79.

Anthony J. Celebrezze, Jr.

ANTHONY J. CELEBREZZE, JR.
Secretary of State

B 851-993
4-346-73

ARTICLES OF INCORPORATION

OF

PHARMACY SYSTEMS, INC.

4-11-73
Stat.
11-68

The undersigned, desiring to form a corporation for profit under the Ohio General Corporation Law, does hereby certify:

FIRST: The name of the corporation is "Pharmacy Systems, Inc."

SECOND: The place in Ohio where the principal office of the corporation is to be located is the City of Columbus, Franklin County.

THIRD: The purpose or purposes for which the corporation is formed are to engage in any lawful act or activity for which corporations may be formed under Sections 1701.01 to 1701.98, inclusive, of the Ohio Revised Code and any amendments heretofore or hereafter made thereto.

FOURTH: The maximum number of shares which the corporation is authorized to have outstanding is five hundred (500), all of which shall be common shares without par value.

FIFTH: The amount of stated capital with which the corporation will begin business shall be not less than five hundred dollars ($500).

SIXTH: The board of directors may fix and determine, and vary, the amount of working capital of the corporation; determine whether any (and, if any, what part) of the surplus, however created or arising, shall be used or disposed of or declared in dividends or paid to shareholders; and, without action by the shareholders, use and apply such surplus, or any part thereof, or such part of the stated capital of the corporation as is permitted under the laws of the State of Ohio, at any time or from time to time, in the purchase or acquisition of shares of any class, voting-trust certificates for shares, bonds, debentures, notes, scrip, warrants, obligations, evidence of indebtedness of the corporation, or other securities of the corporation, to such extent or amount and in such manner and upon such terms as the board of directors shall deem expedient and without regard to any provisions which may hereafter be contained in the corporation's articles of incorporation with respect to the redemption of shares of any class at the option of the corporation.

SEVENTH: Every statute of the State of Ohio hereafter enacted, whereby rights or privileges of shareholders of a corporation organized under the Ohio General Corporation Law are increased, diminished, or in any way affected,

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or whereby effect is given to any action authorized, ratified, or approved by less than all the shareholders of any such corporation, shall apply to the corporation and shall bind every shareholder to the same extent as if such statute had been in force at the date of the filing of these articles of incorporation.

EIGHTH: A director or officer of the corporation shall not be disqualified by his office from dealing or contracting with the corporation as a vendor, purchaser, employee, agent, or otherwise. No transaction or contract or act of the corporation shall be void or voidable or in any way affected or invalidated by reason of the fact that any director or officer, or any firm of which any director or officer is a shareholder, director, or trustee, or any trust of which any director or officer is a trustee or beneficiary, is in any way interested in such transaction or contract or act. No director or officer shall be accountable or responsible to the corporation for or in respect to any transaction or contract or act of the corporation or for any gains or profits directly or indirectly realized by him by reason of the fact that he or any firm of which he is a member or any corporation of which he is a shareholder, director, or trustee, or any trust of which he is a trustee or beneficiary, is interested in such transaction or contract or act; provided the fact that such director or officer or such firm or corporation or such trust is so interested shall have been disclosed or shall have been known to the board of directors or such members thereof as shall be present at any meeting of the board of directors at which action upon such contract or transaction or act shall have been taken. Any director may be counted in determining the existence of a quorum at any meeting of the board of directors which shall authorize or take action in respect to any such contract or transaction or act, and may vote thereat to authorize, ratify, or approve any such contract or transaction or act, and any officer of the corporation may take any action within the scope of his authority respecting such contract or transaction or act with like force and effect as if he or any firm of which he is a member, or any corporation of which he is a shareholder, director, or trustee, or any trust of which he is a trustee or beneficiary, were not interested in such transaction or contract or act. Without limiting or qualifying the foregoing, if in any judicial or other inquiry, suit, cause, or proceeding, the question of whether a director or officer of the corporation has acted in good faith is material, then notwithstanding any statute or rule of law or of equity to the contrary (if any there be), his good faith shall be presumed, in the absence of proof to the contrary by clear and convincing evidence.

NINTH: No holder of shares of any class of the corporation shall be entitled as such, as a matter of right, to subscribe for or purchase shares of any class, now or hereafter authorized, or to purchase or to subscribe for securities convertible into or exchangeable for shares of the corporation, or to which shall appertain or be attached any warrants or rights entitling the holder thereof to subscribe for or purchase shares, except such rights of

B 854-995

subscription or purchase, if any, at such price or prices, and upon such terms and conditions as the board of directors in its discretion may from time to time determine.

TENTH: Notwithstanding any provision of any statute of the State of Ohio, now or hereafter in force, requiring for any purpose the vote, consent, waiver, or release of the holders of shares entitling them to exercise two-thirds or any other proportion of the voting power of the corporation or of any class or classes of shares thereof, any action may be taken by the vote of the holders of shares entitling them to exercise a majority of the voting power of the corporation, or of such class or classes, unless the proportion designated by such statute cannot be altered by these articles.

Michael E. Moritz

Michael E. Moritz

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B 504-J720

CERTIFICATE OF AMENDMENT

TO

ARTICLES OF INCORPORATION

OF

PHARMACY SYSTEMS, INC.

The undersigned, being the president and secretary, respectively, of Pharmacy Systems, Inc., an Ohio corporation, hereby certify that the following is a true copy of resolutions amending said corporation's articles of incorporation, duly adopted by the shareholders of said corporation in a writing approved and signed by all shareholders of said corporation as of June 27, 1974, in accordance with Ohio Revised Code §1701.54:

RESOLVED that the company's articles of incorporation hereby are amended by deleting the present article FOURTH therefrom in its entirety and substituting therefor the following:

FOURTH: The maximum number of shares which the corporation is authorized to have outstanding is 500 shares of common stock, which shall be divided into two classes consisting of 300 shares of Class A Common stock without par value and 200 shares of Class B Common stock without par value. The express terms and provisions of the Class A Common stock and the Class B Common stock are as follows:

(a) No dividends shall be paid on Class B Common stock during any calendar year until after dividends of one dollar have been paid during that calendar year on each share of Class A Common stock then outstanding. After dividends of one dollar have been paid on each share of Class A Common stock, no further dividends shall be paid on Class A Common stock during the same calendar year until after dividends of one dollar have been paid on each share of Class B Common stock then outstanding. After dividends of one dollar have been paid on each share of Class A Common stock and Class B Common stock as described above, any and all further dividends paid during the same calendar year shall be paid on all outstanding shares of common stock, on a share-for-share basis without distinction as to class.

B 590-3627

(b) Upon dissolution or liquidation of the corporation, whether voluntary or involuntary, no distributions shall be made on Class B Common stock until after distributions of one thousand dollars have been made on each share of Class A Common stock then outstanding. After such distributions of one thousand dollars have been made on each share of Class A Common stock, no further distributions shall be made on Class A Common stock until after distributions of one thousand dollars have been made on each share of Class B Common stock then outstanding. After distributions of one thousand dollars have been made on each share of Class A Common stock and Class B Common stock as described above, any and all further distributions upon dissolution or liquidation of the corporation shall be made on all outstanding shares of common stock on a share-for-share basis without distinction as to class.

(c) The corporation may redeem all outstanding shares of Class A Common stock at any time not later than December 31, 1977, at the option of its board of directors, upon payment of the following amount for each share so redeemed:

(i) If redeemed not later than December 31, 1975, an amount equal to two thousand dollars a share.

(ii) If redeemed later than December 31, 1975, and not later than December 31, 1976, an amount equal to two thousand five hundred dollars a share.

(iii) If redeemed later than December 31, 1976, and not later than December 31, 1977, an amount equal to three thousand dollars a share.

Notice of the intention of the corporation to redeem all outstanding shares of Class A Common stock and of the date, price, and place of redemption shall be mailed, first-class postage prepaid, not less than 15 nor more than 60 days prior to the date fixed for redemption, to

each holder of record of the shares to be so redeemed at his address then shown on the records of the corporation. If such redemption notice is duly given and all funds necessary for such redemption are deposited or otherwise set apart by the redemption date so as to be available for such redemption, then on the redemption date all shares of Class A Common stock shall cease to be outstanding and all rights of the holders of Class A Common stock shall terminate (whether or not all certificates for Class A Common stock then have been presented for cancellation), except only the right to receive the amount payable hereunder upon redemption without interest. No action shall be brought at law or in equity to claim any such funds so deposited or set apart unless such action is commenced within six years after the redemption date, provided that such redemption notice is given as described above.

(d) Holders of Class B Common stock shall be entitled to one vote for each share of Class B Common stock held in his name on the records of the corporation. Except as expressly required by statute, holders of Class A Common stock shall have no right to vote upon the election of directors or upon any other matter and no right to receive notices of any meetings of shareholders of the corporation.

(e) Stock dividends and stock splits with respect to shares of Class A Common stock and Class B Common stock shall be effected only with shares of the same class. No stock dividend or stock split shall be effected with shares of one class without at the same time effecting a stock dividend or stock split on the same basis with shares of the other class.

RESOLVED, further, that each share of common stock presently issued and outstanding hereby is changed into one share of Class B Common stock as of the effective date of the foregoing amendment.

RESOLVED, finally, that the president and secretary of the company hereby are authorized and directed to file a certificate of the foregoing amendment with the secretary of State of Ohio.

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IN WITNESS WHEREOF, the undersigned, acting on behalf of said corporation, have signed this certificate on JUNE 29, 1973.

President

Secretary

Form C-413

UNITED STATES OF AMERICA,
STATE OF OHIO,
OFFICE OF THE SECRETARY OF STATE.

I, ANTHONY J. CELEBREZZE, JR., Secretary of State of the State of Ohio, do hereby certify that the foregoing is an exemplified copy, carefully compared by me with the original record now in my official custody as Secretary of State, and found to be true and correct, of the ARTICLES OF INCORPORATION of PHARMACY SYSTEMS, INC., an Ohio corporation, Charter #434073, filed with this office January 22, 1973 recorded on roll B-854, frame 993; a Certificate of AMENDMENT filed in this office on the 27TH day of JUNE A.D. 1973 and recorded on (in) Roll (Volume) B-890, Frame (Page) 526 of the Records of Incorporations.

WITNESS my hand and official seal at Columbus, Ohio, this 30TH day of MARCH A.D. 1979

ANTHONY J. CELEBREZZE, JR.
Secretary of State

Pharmacy Systems, Inc. (PSI) can assure Welch Community Hospital (WCH) that we will exceed the specifications in CRFQ 0506 WEH 1600000009. PSI's draft Implementation plan will be as follows:

I. Contract Start Date

A. PSI's Regional Vice President (RVP) will schedule the following meetings for the first day;

- Meeting with Hospital Administrator/Pharmacy Direct Report
- Meeting with Pharmacy Staff
- Meeting with Key Personnel as determined by Hospital Administrator/ Pharmacy Direct Report in conjunction with RVP and Regional Director of Operations (RDO), these individuals will likely include the following:
  - RVP
  - RDO
  - PSI's Corporate Director of Pharmacy (CDOP)
  - Director of Recruiting and Interim Services
  - Regional Director of Clinical Services (RDCS)
  - Other Opening Team Members, as needed

B. ***Meeting with the Administrator/Administrative Team***
This meeting is designed to introduce the start-up team and to determine if there are any immediate issues the Administrators would like addressed outside of the items highlighted in the RFP.

- The first four (4) weeks of activities and review of the top three (3) to five (5) goals and aligning PSI strategies;

C. ***Meeting with the Pharmacy Staff***
A general introduction to PSI and the start-up team. The following items will be included in the general introduction:

- Overview of PSI
- Introduction and background of each start-up team member.
- Objectives of the start-up team for the first four (4) weeks of the implementation process.
- Time for questions and answers.
- The Hospital Administrator/Pharmacy Direct Report should be present, if possible.

II. Implementation Process – 4 Weeks (beginning on Contract Start Date)

A. *Meeting with Key Personnel*

The RDO and CDOP typically meet with the following hospital personnel:

- Chief Executive Officer(or equivalent)*
- Chief Financial Officer(or equivalent)*
- Chief Nursing Officer(or equivalent)*
- Chairman of the Pharmacy and Therapeutics (P&T) Committee
- Chief of the Medical Staff
- Nursing Directors and/or managers
- Director of Quality (or equivalent)*
- Any other applicable personnel as determined by the Hospital Administrator

An Implementation Assessment (Audit) of the pharmacy will be performed. Our Director of Quality, from PSI's operations team will be focused on the completion of the audit.

B. *Pharmacy Staff*

PSI's CDOP/Director of Pharmacy (DOP) and the RDO will develop a relationship with the Pharmacy Staff.

- If possible, a one-on-one discussion with the CDOP/DOP and each staff member should occur. The discussion will seek the input of each staff member and assist in developing a complete picture of the pharmacy.

C. *Direct Report Meetings*

- Meetings between the Hospital Administrator (Pharmacy Direct Report), CDOP/DOP, are scheduled at least weekly or as deemed necessary by the RDO or Hospital Administrator during the implementation process or as determined necessary by the RDO.
- Documentation of these meetings will be completed by the DOP.
- The CDOP/DOP should work to update the Hospital Administrator as determined necessary by the administrator or at least once weekly.

D. *Nursing Surveys*

- It is important to determine the baseline perception that nursing has of the pharmacy. The baseline data will allow PSI to benchmark our performance and identify any possible issues.
- The CDOP/DOP should communicate with the Nursing Administrator to determine the required number of Nursing Surveys for the hospital or if an electronic method of completing the survey is more advantageous.
- A two (2) week time frame for completion of the Nursing Surveys is suggested. The surveys will be returned to the PSI's corporate office for compilation, if applicable.
- The results will be sent to the Administrator that PSI reports to, the RDO and the CDOP/DOP.
- The Nursing Surveys will then be completed annually thereafter.

E. ***Hospital Meetings***

There are numerous meetings that the DOP is required to attend. Contact Administration to obtain a schedule of these meetings. The following are common examples. If the pharmacy is not included in these meetings, the pharmacy will pursue involvement.

- Pharmacy and Therapeutics Committee meeting
- Hospital Department Head meeting
- Infection Control meeting
- Performance Improvement Committee meeting (or equivalent)
- Medication Safety (or equivalent)

F. ***Pharmacy and Therapeutics (P&T) Committee***

A review of two (2) years of P&T Committee meeting minutes should be completed to assess the past activity, culture, and compliance to **PSI's** Policies and Procedures. This review will be conducted by the RDCS during the first four (4) weeks.

- ➢ Determine from the Chief of the Medical Staff who will be the physician(s) he/she would like appointed to the committee.

G. ***Performance Improvement Plan***

A meeting with the Director of Quality will assist in determining when the annual Performance Improvement Plan is due. If the plan is due within the next two (2) months, then the RDO in conjunction with the CDOP/DOP will be responsible for developing a new plan. The indicators may be selected by several methods. These methods include:

- ➢ Review of the previous plan
- ➢ Results of the Implementation Assessment
- ➢ Discussions with Medical Staff, Nursing and/or Quality

H. ***Financial Information***

- The sources of data for the Monthly Benchmark Submission need to be located. The RDO is responsible for ensuring that this happens in a timely manner.
- The CDOP/DOP can contact the Financial Department to determine how the required information may be obtained. It is recommended that the CDOP/DOP work with the Financial Department to set up an automatic monthly report that could be provided electronically.
- The CDOP/DOP will enter data in the financial benchmarking system for the previous twelve (12) months prior to partnering with **PSI**.
- The CDOP/DOP will also create a map as to where the data for the benchmark system was obtained for future reference and consistency in reporting. In addition, sample reports of where data is retrieved from should be kept in a binder properly labeled "Benchmark Data."

I. ***Focused Initiatives for Cost Savings^{SM} (FICS^{SM}) Metric***

The development of FICS^{SM} metric and clinical outcomes will be managed by the RDCS. The metric should reflect both operational and clinical outcomes. The plan should be developed in conjunction with the alignment document, which outlines the client's top objectives.

J. ***Rx Medi-Trend^{SM}***

- This program should be reviewed with the appropriate personnel by the RDO at a new account to manage Adverse Drug Reactions, medication error data, and track pharmacist interventions. If the client currently has a system in place, it should be evaluated for effectiveness and a recommendation made to keep or move to **PSI's** Rx Medi-Trend^{SM}. Initial presentation of **PSI's** Rx Medi-Trend^{SM} can be limited to the hospital quality group to obtain buy in and then see if other presentations are required for implementation. Examples of hospital personnel include:

  - Hospital Administrator
  - Pharmacy Staff
  - Director of Nursing
  - Director of Quality (or equivalent)
  - Risk Manager
  - Director of Information Systems
  - Any other applicable personnel as determined by the Hospital Administrator

- Education will be provided to the DOP during their orientation and training at **PSI's** Corporate Office.
- A Quality Resource Manager (QRM)/RDCS will be available for additional support after orientation and training has occurred.

K. ***Implementation Report and Plan***

- An Implementation Report and Plan for the pharmacy will be scheduled within ninety (90) days from the Contract Start Date.
- The Implementation Report and Plan should incorporate the priorities of **WCH** that have been expressed during the initial meetings with Administration, as well as the Implementation Plan and any other relevant issue found during the start-up.
- The RDO will lead the development of **PSI's** plan for the year, taking into account the findings from operations and clinical audit, available resources, client goals and priorities. This plan will drive definition of the accountability metric (and also performance plan for **PSI's** DOP, and other staff), and will drive subsequent Annual Business Review (ABR) areas of focus.
- The Implementation Report will be organized in the following manner:
  - Section1. PowerPoint Presentation – focus on review of Partnership Goals, how they stack up against benchmarks, and opportunities in each of the key drivers.
  - Section 2. Copy of the Operations Audit
  - Section 3. Operations Audit Action Plan
  - Section 4. Gantt Chart

III. Recruiting for the Director of Pharmacy and Pharmacy Staff

If the current pharmacy personnel are not willing, able, or acceptable to be employed by **PSI**:

- **PSI's** Director of Recruiting and Interim Services will work with RVP and RDO to identify permanent candidates for the following positions:
  - Interim Director of Pharmacy – **PSI's** Corporate Director of Pharmacy (CDOP) will act as the Director of Pharmacy until a permanent Director of Pharmacy is hired.
  - 1 FTE Director of Pharmacy
  - 1 FTE Staff Pharmacist
  - 3FTE Pharmacy Technicians.
- **PSI** will use staff from its interim resource team to fill the positions above until all permanent positons are hired.
- **PSI** is committed to hiring the best possible staff at **WCH** and will look both internally (relocating existing staff) and externally (hiring locally or relocating talent identified through our recruiting program) for talent that best meets the needs of **WCH**.
- The CDOP, the RDO and/or the RVP may be involved in interviewing permanent candidates.
- The RDO will be responsible for ensuring that the new DOP will receive:
  - An orientation to the department and the hospital
  - An orientation to the DOP responsibilities
  - A copy of the Implementation Assessment and Report
  - A list of the key personnel in the hospital
  - A list of all meetings with dates, times and locations
- New directors will be assigned DOP training curriculum/coursework to be completed through **PSI's** Resource Center.

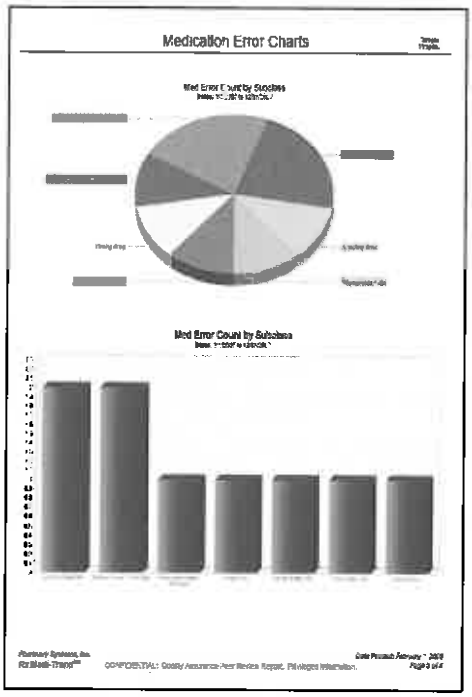
Pharmacy Systems, Inc.

Rx Medi-Trend[SM]

Rx Medi-Trend[SM] is a program designed by **Pharmacy Systems, Inc.** to track, trend, and report areas of risk that can result in patient harm within your facility.

Examples include:

- Medication errors
- Adverse drug reactions
- Unusual occurrences



Rx Medi-Trend[SM] is your solution to identify areas of risk and opportunities for improvement. Targeting these performance improvement activities and clinical interventions will ultimately result in:

- Improved patient safety
- Improved quality of care
- Maintaining accreditation status
- Cost avoidance

In a time when cost containment and quality of service is essential for maximal reimbursement, **Rx Medi-Trend[SM]** provides a solution to maximize fiscal responsibility while maintaining a high level of patient care.

Additional Features and Benefits:

- Paperless, web-based, electronic reporting system
- E-mail notification resulting in prompt review and follow-up
- Extensive reporting functions
- User friendly interface with training support
- Customizable to meet your facility's needs
- Secure storage of hospital specific data
- Formulary management system including identification of high risk and sound-alike/look-alike medications
- Formulary access to all members of the healthcare team

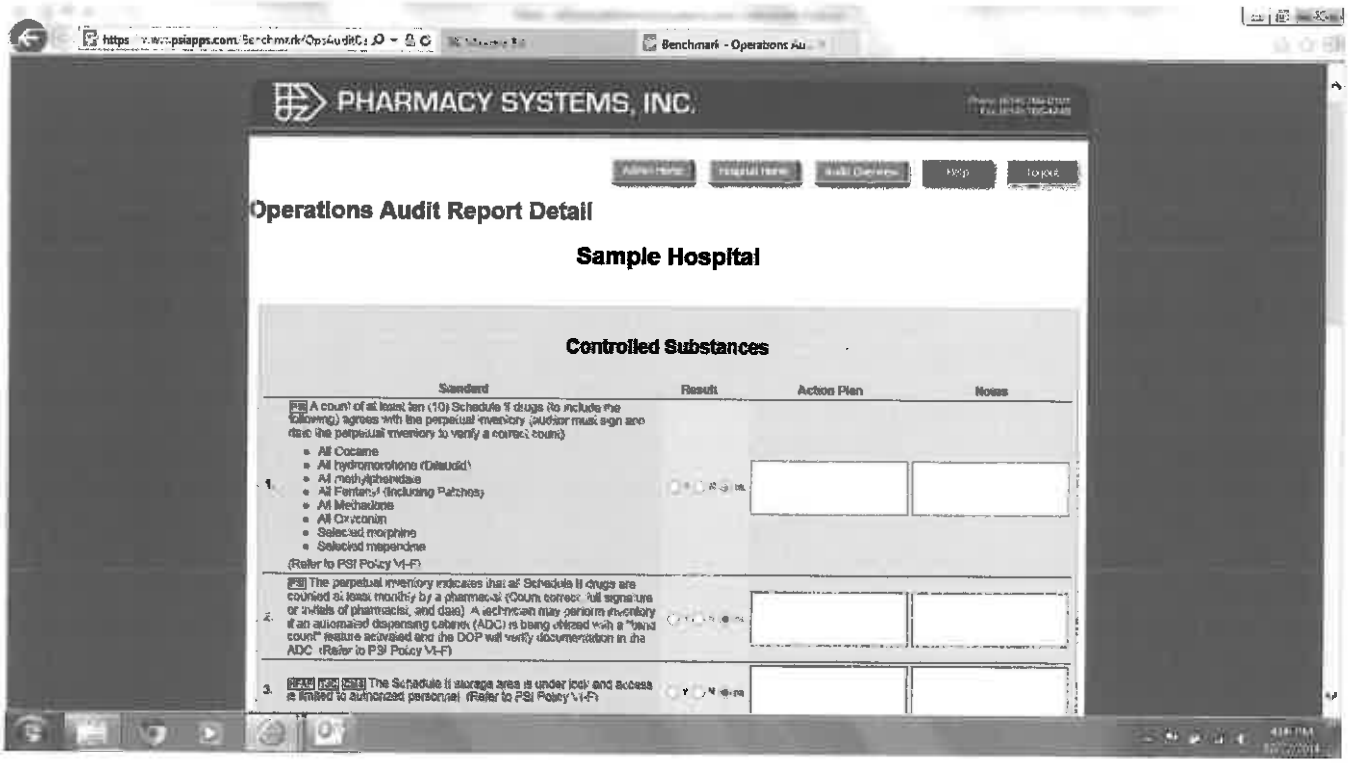
Contact Chuck Bernotas at cbernotas@pharmacysystems.com or **614.766.0101** for more information.

Pharmacy Systems, Inc.

Operations Audit

The Operations Audit is an extensive document with over 250 criterion that assesses every aspect, both clinical and operational, of the operations of the Pharmacy Department (see specific sections below). An Action Plan is developed after each review to address areas identified as opportunities for improvement. We work with the pharmacy staff and other hospital personnel to conduct a systematic, ongoing review of pharmacy programs to ensure survey readiness. Our Operations Audit insures our Policies and Procedures and proprietary programs are being implemented and maintained.

- **Controlled Substances**
- **Licenses and Permits**
- **Finance/Purchasing**
- **Medication Storage**
- **Pharmacy Dispensing/Automation**
- **Pharmacy Management**
- **Clinical Activities**
- **Performance Improvement**
- **Human Resources**
- **State Board Specific Requirements**



PHARMACY SYSTEMS, INC.
VISIT REPORT

HOSPITAL: Hospital **DATE: January 7, 2015**

I. Partner Contacts

Meeting with Bernie Wallace, Chief Nursing Officer/Chief Operating Officer and Steve Brace, Administrative Director of Pharmaceutical Care Department.

II. Action Items

a. Bernie and I discussed the new night shift pharmacy that was recently implemented. Bernie informed me that she has received very positive feedback from the nursing staff concerning the availability of pharmacy services on the night shift.

b. I followed up with Bernie from my last visit concerning Steve's goals on the Leadership Evaluation Management (LEM) system. Bernie stated that Steve's goals are aligned with the hospital's priorities.

c. I reviewed with Bernie the pharmacy Focus Initiatives for Cost Savings metric. The metric is updated quarterly by Pharmacy Systems, Inc. corporate staff. The metric tracks cost savings that have been achieved through several pharmacy initiatives. These include savings categories of optimizing drug therapy for generic drug conversions and automatic therapeutic interchanges; programs to minimize drug waste; cost avoidance through pharmacist clinical interventions; and verifying drug wholesaler pricing. It also reports price discounts for the hospital through Pharmacy Systems, Inc. affiliation agreements and tracks the cost savings through the 340 B drug purchasing program. The metric stated a savings of $3.4 million for the 340 B drug purchasing program for that time period. In addition there were additional savings of $373,304 from other initiatives and cost avoidance savings from pharmacist clinical interventions of $781,523.

d. I shared with Bernie the new nursing education course entitled "Reversal Agents for Over Sedation and Respiratory Depression" that is available on the Pharmacy Systems, Inc. Resource Center. The tool is designed to help our pharmacy directors prepare and deliver a nursing in-service about reversal agent for over sedation and respiratory depression. Steve and I discussed the initial focus for the in-service should be in the hospital's critical care units.

e. I discussed with Bernie a new staff development course from Pharmacy System, Inc. "Discharge Counseling: Role of the Hospital Pharmacist." It's a great refresher and teaching tool for pharmacist that are providing discharge counseling. Steve is planning on using the course to help educate the staff pharmacist on discharge counselling.

f. Steve informed me that he has provided the Emergency Department nursing staff with two in-services. One in-service concerned the documentation of controlled substances; the other on antibiotic resistance.

Pharmacy Systems, Inc. David Karkiewicz, R.Ph., M.H.A., FACHE	**Date:** January 8, 2015	**Administrative Director, Pharmaceutical Care:** Steven Brace, Pharm.D.

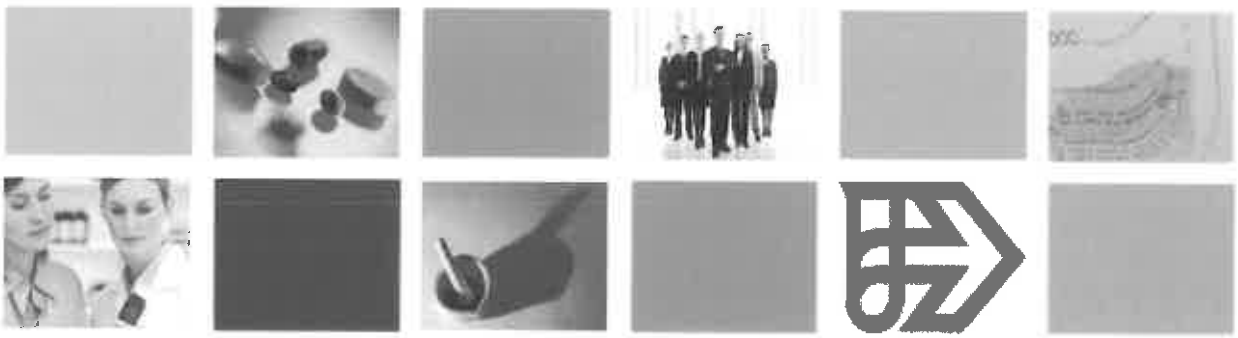
g. Steve and I discussed the Pharmacy and Therapeutics Committee. Steve's goal is to focus the committee work on appropriate antibiotic use, monitoring, and protocol development.
h. I discussed with Steve the recent policy and procedure updates from Pharmacy Systems, Inc. Steve will review the policies and take the applicable policies to the Pharmacy and Therapeutics Committee for approval.
i. I reviewed with Steve the Pharmacy Systems, Inc. director of pharmacy electronic dashboard and benchmark system. The systems tracks and trends several key financial, clinical, and performance improvement indicators. Steve is working on obtaining the necessary data to implement performance improvement indicators concerning financial monitoring.
j. Steve updated me on the progress of pharmacy projects and goals. We used the Pharmacy Systems, Inc. goal tracking template to document progress on the goals.
   - The hospital's plant operations department is in the process of evaluating an additional vendor to implement a pharmaceutical waste management program.
   - A pharmacist has been designated to perform rounding and medication order verification in the critical care department. Steve has developed responsibilities for the position which he will share with stake holders. Implementation is pending the pharmacist returning from leave.
   - Systems are being trialed to increase adverse drug reaction reporting. These may include monitoring the usage of certain medications that may be used to treat an adverse drug reaction. Appropriate adverse drug reaction reporting and monitoring is an expectation of HFAP®.

III. Pharmacy Systems, Inc. Support, Tools & Resources

a. **On The Front Line:** Several facilities in our network (acute care and psychiatric) recently experienced a Joint Commission or Department of Health survey. Our team members make note of the questions asked and their experience to pass along to other organizations. Ask your Regional Director of Operations for a copy if you haven't previously accessed the notes.
b. **Safety First:** Leaders in health system pharmacy cite competency as a needed focus in the upcoming years due to the increased involvement of pharmacists in patient care. Pharmacy Systems, Inc. enhanced its competency program throughout 2013 to assist pharmacists in providing the safest patient care possible. Each month, new education is offered; this month's feature is **Discharge Counseling.**
c. **Regulatory Compliance Training:** Our next regulatory compliance training series has been launched. The training includes the Controlled Substances and Licenses & Permits Guidebook, 14 updated policies and procedures, and an interactive, web-based course to reinforce critical concepts. As you know, regulations change constantly, and Pharmacy Systems, Inc. Quality and Training departments are here to keep the pharmacy staff current.

Pharmacy Systems, Inc.

Drug Diversion Prevention and Surveillance Toolkit



Drug Diversion Prevention

Introduction

Each pharmacy must maintain complete and accurate records on a current basis for each controlled substance purchased, received, stored, distributed, dispensed, or otherwise disposed of. These records are required to provide accountability of all controlled substances from the manufacturing process through the dispensing pharmacy and to the ultimate user. The closed system reduces the potential for diversion of controlled substances.
Besides controlled substances, certain high-profile medications are at risk for diversion including, but not limited to, nalbuphine, butorphanol, propofol, epoetin, darbepoetin, filgrastim, pegfilgrastim, botulinum toxin, sildenafil, tadalafil, and vardenafil. These medications have been known to be diverted for personal use or for redistribution to the "gray market."

Description

The Drug Diversion Prevention Toolkit provides pharmacies with information and/or audit tools regarding each of the risk points of controlled substances handling. These risk points are prone to diversion especially when proper checks and balances are not in place:

1. Ordering and receiving from supplier
2. Pharmacy storage
3. From pharmacy storage to patient care unit
4. Patient care unit storage
5. From patient care unit storage to patient
6. Waste/return

This toolkit will also address:

- Anesthesia Departments
- High-Profile Medications
- Automated Dispensing Cabinets (ADC)
- Chart Audits
- Who to contact when diversion is likely

The information contained in this toolkit is not all-inclusive and does not address all possible diversion scenarios. It is meant to be used as a reference for pharmacies to aid in the development of a drug diversion prevention and surveillance program and policies specific to each facility.

Benefits

Besides remaining in regulatory compliance with the DEA, State Boards of Pharmacy, and the other regulatory and accrediting agencies, auditing your controlled substances and high-profile medication process and putting recommended controls into place increases your chances of preventing drug diversion or detecting it at an earlier stage. This will promote patient safety by protecting patients from impaired healthcare workers and protect your hospital's licensure, accreditation, drug registrations, and reputation.

Signs of Potential Diversion

- Changes in work habits, behavior, physical appearance
- Major change or chaos in personal life
- Change in controlled substance usage patterns
- Patients complain about pain control
- Large amounts of controlled substances removed
- Larger doses requiring waste used when smaller dose available
- Staff member disappears regularly from department
- Excessive leaking bags, broken vials, spills
- Medication returns that are missing pieces or contents
- Inappropriate/unnecessary destruction
- Employee on other units for no reason (e.g., accessing ADC on 4th floor MedSurg when working shift in ED)
- Employee at work on days off or before/after shift
- Asks to care for patients known to be ordered a specific controlled substance
- Offers to help other nurses administer medications
- Excessive wastage, especially without a witness
- Charting errors/omissions

Ordering and receiving from supplier

Scenarios:

1) *Your purchaser orders quantities of product in excess of what is actually needed to meet par levels. When the product arrives, the purchaser fills the inventory to max par and diverts the rest.*
2) *Your purchaser places a CII order when one is not needed. When the product arrives, the purchaser diverts the drugs and destroys the DEA 222 form.*
3) *Orders are delivered to the receiving dock and locked in a cage for pharmacy to pick up. Later it is discovered that sleeves of 5 syringes are randomly missing from packages of 10 of CIIs.*

Prevention and Detection Strategies:

- Limit number of individuals with DEA Power of Attorney to order.
- Limit the purchaser's access to controlled substance inventory, if possible.
- If using a manual process, have those who access controlled substances for restocking, compounding, etc. assist with generating the order by letting the purchaser know which items need ordered when they fall below par.
    - If using a narcotic vault, only allow the purchaser to have enough access to generate order reports
- If possible, a different individual receives the order and places it into stock. Beware that these individuals could agree to work together to beat the system.
- Secure DEA 222 forms.
    - Locked storage.
    - Keep a log of all DEA 222 form numbers.
    - The individual signing the DEA 222 form signs it out of the log, and the individual receiving the order signs the log received.

  - Inventory unused DEA 222 forms monthly.
  - Missing forms must be reported to the DEA.
  - Ensure used DEA 222 forms have been filed in numerical order with invoice and accounted for monthly.
- Consider use of CSOS electronic order system to enhance security.
- Order tamper resistant or tamper evident packaging when available.
- Order vials over ampules (less "breakage").
- Wholesaler orders should be delivered directly to pharmacy.
- Utilize Operational Indicator O-8 Accuracy of Controlled Substance Handling by Pharmacy Personnel **(Appendix A)** monthly to document auditing. Ideally, this should be conducted by a person not routinely involved in the ordering/receiving process to detect any "buddy" patterns.
- See Pharmacy Systems, Inc. Policy VI-F Controlled Substances.

Pharmacy Storage

Scenarios:

1) *Your pharmacy has a box that is kept in a corner that is used to store expired medications. A technician suspects another technician of diverting medications from the box.*
2) *When pulling Versed to restock the OR, you discover the stock box is empty. The tamper-evident seal is intact, but you find the bottom has been cut out of the box.*

Prevention and Detection Strategies:

- Keep all scheduled C-II through C-V drugs in locked storage and under perpetual inventory control. CII are stored separately from CIII-CV.
- Install surveillance cameras that are directed toward controlled substance storage areas.
- Limit those who have access to controlled substance storage.
- If a manual process is used, stress the importance of maintaining the perpetual inventory.
- If automation is used, a narcotic vault is preferred with the blind count feature turned on.
- Perform monthly and annual inventories for all controlled substances including those that are expired or otherwise unusable. These must be segregated from usable drugs and in locked storage.
- Pick up and/or open containers that appear intact when conducting an inventory to ensure contents have not been removed.
- Check flip-top lids on vials. They should spin freely on the vial if un-tampered with. Lids that have been removed and glued back into place will not spin.
- See Pharmacy Systems, Inc. Policy IV-J Expired and Other Unusable Medications.

From pharmacy storage to patient care unit

Scenarios:

1) *A pharmacist says he received a call from a nurse that the patient in room 221 needs a new Fentanyl patch. The pharmacist pulls the patch from stock and prepares the required delivery sheet. He leaves to deliver the patch, but diverts it instead. He returns with the delivery sheet that he scribbled a signature on and files it.*
2) *When restocking the Emergency Room automated dispensing cabinet, the technician decides to divert the Vicodin instead of restocking it.*

Prevention and Detection Strategies:

- If possible, ensure two (2) pharmacy staff members are involved (e.g., pharmacist pulls and checks the drug, technician delivers the drug).
- Perform routine audits to ensure physician orders exist for items that have been signed out of the perpetual inventory for a specific patient.
- Consider keeping a log of nurses' signatures to match against delivery receipts.
- If using automation:
  - Daily review of all transactions of controlled substances that leave the pharmacy to ensure they have reached their destination. **Your automated dispensing cabinet software should feature reports that automatically reconcile these transactions.**
  - Require a witness and blind count when restocking controlled substances
- Utilize Operational Indicator O-9 Accuracy of Controlled Substance Distribution Recording **(Appendix B)** to document auditing.

Patient care unit storage

Scenarios:

1) *While doing controlled substance auditing, it is discovered that a nurse is pulling Percocet for patients who do not have orders for Percocet, and she is not documenting administration or waste of these doses. During questioning the nurse is clearly devastated by the accusations and denies any wrong doing. After reviewing the surveillance footage of the ADC, it is discovered that the nurse has a habit of walking away from the ADC without logging off. A member of the housekeeping staff has noticed this and has figured out how to access medications when the nurse leaves the med room.*
2) *A nurse overhears a colleague on the phone with a physician asking for an order for Percocet for a patient who is complaining of severe pain. The nurse notices that the patient is actually resting comfortably.*

Prevention and Detection Strategies:

- Keep all scheduled C-II through C-V drugs in locked storage and under perpetual inventory or sign out sheets.

- Install surveillance cameras that are directed toward controlled substance storage areas.
- Limit those who have access to controlled substance storage.
- Terminated employees with access to medication storage areas must have their access revoked immediately. Ensure a process exists where Human Resources coordinates and contacts all necessary hospital personnel at the time of employee termination/resignation.
- Limit quantity of controlled substances stored outside of an ADC.
- In an ADC, store controlled substances in lock-lidded drawers or dispensers
- Remind all ADC users of the urgency to log off when transactions are completed. Set the system to timeout in 60 seconds or less.
- At a minimum, nursing should perform a controlled substance count weekly. Most facilities require this to be done each shift change. Watch for buddy patterns.
- Pharmacy to perform a controlled substance count monthly.
- Encourage staff members to pay attention and report suspicious behavior.

From patient care unit storage to patient

Scenarios:

1) *A nurse withdraws morphine injection and documents the dose as administered, but pockets it instead.*
2) *A surgical tech replaces fentanyl with saline.*
3) *When removing a dose of Percocet from stock a nurse takes an extra tablet for himself.*

Prevention and Detection Strategies:

- Utilize Operational Indicators O-10a, O-10b, and O-10d **(Appendices C, D, and E)** to monitor the medication administration process. Is there documentation of the removal of the product? Is administration documented? For narcotic pain relievers, is there documentation of pain?
- Watch for shift patterns. Does nursing documentation on one shift show low pain levels with no or little administration of pain meds and the next shift shows documentation of high pain levels with medications being administered at max doses and intervals?
- Employ shift counts and resolve discrepancies immediately. Document discrepancies in the event reporting system for tracking.
- Conduct pain rounds and ask patients that have recently received pain medications how the medication is working. You may be surprised to find patients that did not actually receive the medication.

Return/Waste

Scenarios:

1) *One pharmacist in particular seems to have frequent, unwitnessed mishaps with Dilaudid carpujects rolling off the counter while pulling restocks. The pharmacist asks other pharmacy staff to witness the waste with her. After investigating, it is discovered that the pharmacist was withdrawing the Dilaudid from the carpuject, then breaking them herself and squirting water on the floor to look like spilled medication.*
2) *After your reverse distributor processes your returns and leaves the facility, you realize the DEA 222 form he prepared and the last CII expired inventory do not match. What happened to the expired Demerol PCA syringes?*

Prevention and Detection Strategies:

- Teach the proper way to witness waste. The person witnessing the waste should be present when the dose is drawn up and the waste should occur immediately. Encourage those witnessing waste that they did not see from beginning to end to document so in the event reporting system. Watch for patterns of "unwitnessed" waste in individuals. The witness must actually visually witness the wastage.
- Do not allow medications to be returned to the pocket of an ADC. Install one-way return bins or return directly to pharmacy.
- Ensure there is a process in place for reconciling medications placed in ADC return bins and check for evidence of tampering.
- Check for evidence of tampering with manually returned controlled substances.
- Have a pharmacy staff member present when the reverse distributor processes returns. Before the reverse distributor leaves reconcile your expired inventory against the DEA 222 form he/she has prepared as well as any other controlled substances and high-profile medications, and make sure these items are in the shipping boxes. Check the reports from the reverse distributor to ensure the items shipped made it to the facility.
- Do not dispose of controlled substances in sharps containers and check with your hazardous waste hauler of any restrictions they have regarding controlled substances.

Anesthesia

There are several OR dispensing models that are utilized in facilities. Some have OR satellite pharmacies, some dispense anesthesia kits, and some utilize automation such as the Omnicell Anesthesia Workstation. Satellite pharmacies have the advantage in that they allow a pharmacist more direct oversight in the dispensing and return processes, but are not practical in low-volume ORs due to space and budget constraints. Anesthesia workstations are designed to provide secure storage and provide utilization tracking and waste documentation, but include the disadvantages of cost and obtaining buy-in from anesthesia staff. Anesthesia kits are low-cost, but due to their manual nature are more time-consuming for pharmacy staff and are easier to manipulate for diversion.

Whatever model your facility chooses to use you must have auditing

processes in place to ensure accountability and prevent and detect diversion. Utilize Operational Indicators O-12, O-12a, O-12b, and O-12c **(Appendices F, G, H, and I)** for these purposes. These indicators will assist you in monitoring that:

- Controlled substances used matches was what signed out of supply
- Controlled substances waste is appropriately documented and countersigned
- High amounts of controlled substances used were clinically appropriate

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High-profile Medications

The reselling of high-profile medications can be a lucrative business for pharmacy employees. All of the material covered in this toolkit can be applied to the handling of high-profile medications. Some additional strategies to consider include:

- Placing high-profile medications in the narcotic vault.
- Lock the refrigerator that contains these medications with limited access or keep the key to the refrigerator in an automated narcotic vault.
- Deface these items by cutting off the top or marking with a pen to potentially avoid resale on the "gray market."
- Take a beginning inventory of selected high-profile medications then track purchases and dispensing records. If there is a discrepancy when you balance these items, you may have an issue in your pharmacy.

Automated Dispensing Cabinets

Automated Dispensing Cabinets (ADC) have evolved over the years from simply being drug storage units to becoming sophisticated medication tracking and monitoring devices. They have the ability to:

- Provide secure access to the medications
- Limit access to one medication at a time
- Track each element of a transaction (patient, medication, date/time, quantity, user)
- Provide real-time inventory counts
- Archive these records for easy retrieval and review
- Generate reports to assist in diversion surveillance and investigations

It is important, however, for facilities to not get a false sense of security because they have automation technology in place since the ADC alone cannot prevent or detect diversion. Certain measures in the configuration of the cabinets can aid in your efforts, and a process for retrieving and reviewing the data that is generated by the ADC is essential to pharmacy's oversight and surveillance responsibilities.

Cabinet configurations that are recommended to prevent diversion include:

- Utilizing single unit dispensers
- Lock-lidded drawers
- Blind count anytime a controlled substance is accessed
- Requiring the system to ask for witness for waste
- Installation of a one-way return bin

- Remote locking mechanism for refrigerators that contain controlled substances
- On-screen alerts when a discrepancy is created
- Limiting user access to specific units or medications according to his/her responsibilities
- Removing patients from selection screen when discharged
- Utilize a controlled substance vault within the pharmacy as well as the unit-based cabinets
- Profiling
- Witness on override
- Consider the use of specific diversion detection software
- Utilize bio-ID if available

Each ADC vendor has specific reporting capabilities. It is necessary for you to work with your vendor to understand what reporting is available and how to utilize those reports.

Some basic reporting that must be reviewed includes:

- Manual Admits – Review daily to ensure the patient exists and there is an existing order with administration documented.
- Discrepancies – Review daily to ensure discrepancies are resolved with appropriate reasons documented. Be aware of buddy patterns.
- Overrides – Review daily to ensure orders and administration documentation exist.
- Compare – Review each shift or at least daily to ensure that medications that left the pharmacy were in fact delivered to the unit, and that medications returned from the unit were returned to the pharmacy.
- Dispensing Practices/Proactive Diversion – Review monthly to uncover users that are falling outside of the standard dosing practices for their unit or for a specific medication.
- Events by User – Review for outliers discovered in the Dispensing Practices/Proactive Diversion report. Review patient charts for orders, administration, etc.

Chart Audits

Chart audits should be conducted monthly on randomly selected nurses as well as any identified through the Dispensing Practices/Proactive Diversion Report. After obtaining the requested patient medical records, compare medication orders, medication administration records, nurses' notes, ADC reports, and/or narcotic sign-out sheets if no automation. Utilize the **Controlled Substance Chart Audit (Appendix J)** for documentation.

If diversion becomes evident or even likely while conducting the audit it is necessary for you to get the proper people involved.

Who to Contact	To protect your license, the Director of Pharmacy is expected to immediately notify the Board of Pharmacy, the local DEA field office, and hospital security immediately upon the discovery of controlled substance theft. Appropriate hospital administrators are to be notified as well. Refer to Pharmacy Systems, Inc. Policy IV-I Medication Theft for more details.
Additional Considerations	Medications that have been billed to a patient or his/her insurance that did not actually make it to the patient because of diversion need to be written off or reversed. The course Controlled Substances Diversion & Abuse: The Manager's Role is available on the Pharmacy Systems, Inc. Resource Center.