



State of Arkansas



ARKANSAS STATE POLICE

1 State Police Plaza Drive Little Rock, Arkansas 72209-4822 www.asp.arkansas.gov

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Governor

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"SERVING WITH PRIDE AND DISTINCTION SINCE 1935"

February 21, 2017

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Mr. Ed Armstrong
Office of State Procurement Director
Department of Finance & Administration
1509 West 7th Street
Little Rock, AR 72201

Special Procurement

Dear Mr. Armstrong:

Arkansas State Police (ASP) is requesting approval of a Special Procurement with LeeHar Distributors, Incorporated (LDI). This firm has served as the Pharmacy Benefit Manager (PBM) for the ASP Health Plan since 2009 through an agreement established between ASP, LDI, and The Hatcher Agency. This agreement was amended and expires April 30, 2017. We are requesting this Special Procurement for the period of May 1, 2017 through October 31, 2017 to allow our agency adequate time to complete the competitive bid process, legislative review and allow for a 60-day implementation with a new PBM.

We received notice on February 1, 2017 from the buyer assigned to this contract, Ms. Angela Allman, that the Request for Proposal (RFP) has been delayed due to other OSP priorities and higher level procurements. Ms. Allman is currently in the process of updating the timeline for this bid; however, based on the meeting we had with Ms. Allman and Mr. Wright, we do not anticipate that this Technical Services Contract will be ready for legislative review until August 2017 or September 2017. Given this revised timeframe, and assuming there are no further delays within the procurement process, the earliest ASP can expect to have a PBM under contract would be October 1, 2017. Upon contract award, it will take a minimum of 60 days for a new vendor to complete implementation to transition members from LDI to the new vendor's system; to complete mail-outs and required notification to plan participants of the mid-year benefit and network changes; and to begin offering full PBM services to ASP Health Plan members.

If this request is not granted, it will result in a suspension of pharmacy benefit manager services causing a lapse in prescription drug coverage for active and retired members of the ASP Health Plan. Your review and consideration of this request is greatly appreciated. Should you have any questions regarding this letter, please do not hesitate to contact our office at (501) 618-8703.

Sincerely,

Handwritten signature of Jim K'Nuckles

Lt. Colonel Tim K'Nuckles
Deputy Director
Arkansas State Police

cc/ OSP Deputy Director Randy Wright
PBM Contract File



STATE OF ARKANSAS
**Department of Finance
and Administration**

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Memorandum

To: Lt. Colonel Tim K'Nuckles, Deputy Director
From: Edward Armstrong, Director
Date: March 24, 2017
Subject: Special Procurement for Arkansas State Police

Pursuant to Ark. Code Ann. 19-1-263, the Director of the Office of State Procurement (OSP) may initiate a special procurement when he or she determines that an unusual or unique situation exists that makes applying the requirements of competitive bidding, competitive sealed proposals contrary to the public interest. Ark. Code Ann. 19-11-263(b). This determination must be in writing and explain the basis for the special procurement and for the selection of the particular contractor.

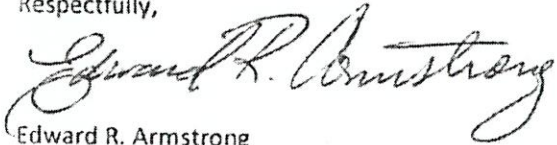
The Arkansas State Police (ASP) has requested special procurement of pharmacy benefit management services from its current service provider so that it can avoid suspension of its prescription drug coverage for active and retired members of the Arkansas State Police Health Plan while it completes the competitive bid process for a new Pharmacy Benefit Manager (PBM). To avoid disruption of its pharmacy benefit management services, ASP must secure the current provider before the contract expires on April 30, 2017. LeeHar Distributors, Inc. is the current PBM for the ASP Health Plan, and that there is not enough time prior to April 30, 2017 to procure a new consultant through the request for proposal (RFP) process and then for the winning consultant to transition to a new PBM, to complete mail-outs and required notification to plan participants of the mid-year benefit and network changes.

Based on information ASP has provided to me in the attached request, which I have relied on and which I incorporate herein by reference, I have determined that a unique situation exists that makes procuring a consultant to manage pharmacy benefits for the ASP Health Plan before the current contract expires on April 30, 2017, through competitive sealed proposals contrary to the public interest. Special procurement is warranted to avoid disrupting the ASP Health Plan prescription drug services. However, this special procurement is only needed for a period long enough to allow the ASP to finalized its competitive procurement of a new PBM through the RFP process, which is anticipated to be completed by September 2017.

As the current PBM for the ASP Health Plan, Inc. should be the PBM selected for the special procurement until a competitively procured contract can be finalized and initiated, which is expected to be within 6 months. It should be noted that ASP did begin the process of developing an RFP in May of 2016, but due to the time it took to process and develop bid specifications, the request was not received by the Office of State Procurement until September 2016. It was then further delayed at the Office of State Procurement until January 2017 to due large complex procurements being processed.

For the aforementioned reasons, I authorized ASP to initiate a special procurement of a contract with LDI, for the length of time necessary to procure competitively bid contract, but not to exceed six (6) months without prior authorization. This special procurement is expressly conditioned upon satisfactory review by the Arkansas Legislative Council.

Respectfully,

A handwritten signature in cursive script that reads "Edward R. Armstrong". The signature is written in black ink and is positioned above the printed name and title.

Edward R. Armstrong
Director, Office of State Procurement