

Chapter 23

Section 5

Transition

Revision: C-76, October 5, 2020

1.0 CONTRACT TRANSITION

1.1 Transition Plan

1.1.1 The incoming contractor shall submit a **Transition-In** Plan no later than 10 calendar days following contract award. This comprehensive plan shall be submitted electronically to the Procuring Contracting Officer (PCO) and Contracting Officer's Representative (COR).

1.1.1.1 The **contractor** shall address all events and milestones that need to occur for each functional area described in the contract to enable the start of service performance under **the** contract.

1.1.1.2 Within 15 calendar days following **initial** Transition and/or Interface meeting, the incoming contractor shall submit to the PCO and COR a revised **Transition-In** Plan which incorporates the results of the Transition and Interface meetings, as necessary. **The contractor shall update the plan as necessary.**

1.1.2 The outgoing contractor shall submit a Transition Out Plan no later than 30 days after the award of a successor contract which shall:

1.1.2.1 Address all events and milestones that need to occur during the contract transition.

1.1.2.2 Incorporate results of the Post Award Conference, as appropriate.

1.1.3 The incoming and outgoing contractors shall provide a weekly status report of respective transition activities, as identified in DD Form 1423, Contract Data Requirements List (CDRL), located in Section J of the applicable contract.

1.2 Post Award Conference

1.2.1 The incoming contractor shall attend a two to four day meeting with Department of Defense (DoD)/Defense Health Agency (DHA) representatives at a **mutually agreed-upon** location, within 15 calendar days following **the start of the initial period of performance**. This meeting is for the purpose of discussing **contract** requirements, and for **reviewing the contractor's Transition In Plan and schedule**. Incoming contractor representatives attending this meeting shall have the experience, expertise, and authority to provide approvals and establish project commitments on behalf of their organization.

1.2.2 In the event of a non-incumbent contractor, the outgoing contractor shall attend a portion of the Post Award Conference with representatives of the incoming contractor and DoD/DHA for the purpose of discussing transition. A Memorandum of Understanding (MOU) shall be developed between the incoming and outgoing contractors addressing coordination of transition activities. DHA will notify the outgoing contractor as to the exact date and location of the meeting. Specific activities to be addressed at the meeting include, but are not limited to:

1.2.2.1 The incoming contractor shall coordinate with the outgoing contractor to perform an electronic transfer of beneficiary mail order and open refill history to the extent allowed by applicable state and federal requirements and laws. The incoming contractor shall demonstrate its ability to receive these files no later than 60 calendar days prior to the start of Option Period 1.

1.2.2.2 The incoming contractor shall make arrangements with the outgoing contractor to ensure any Mail Order Pharmacy (MOP) prescription orders received by the outgoing contractor after the start of Option Period 1 are promptly forwarded using overnight shipping to the incoming contractor. This requirement is valid for a period of 180 days after the start of mail order services. The incoming contractor shall ensure that notification of the change of contractor is sent with the dispensed prescription to the beneficiary for those prescriptions that were forwarded from the outgoing contractor.

1.2.2.3 The incoming contractor shall coordinate with the outgoing contractor the transfer of any beneficiary/claims history files, including a schedule that addresses initial shipments and updates as necessary. The incoming contractor shall perform initial conversion and testing of any electronic files no later than 30 calendar days following receipt of the files from the outgoing contractor.

1.2.2.4 The incoming contractor shall coordinate with the outgoing contractor to establish time frames for the transfer of any open/pending prior authorization requests and medical necessity reviews.

1.2.2.5 The incoming contractor shall coordinate with the outgoing contractor other requirements as specified in Chapter 2, Section 10, as applicable.

1.2.2.6 The MOU shall include all identified transition in and out tasks, responsible parties for tasks, timeline for accomplishments, and any other additional information required to facilitate a timely transition by both contractors.

1.3 Interface Meetings

1.3.1 Within 30 calendar days from the start of the initial period of performance, the incoming contractor shall arrange meetings with Government and external agencies to establish all systems interfaces necessary to meeting the requirements of the contract and the requirements as described in Chapter 2, Section 2. These meetings shall be scheduled with, but not limited to, the Defense Manpower Data Center (DMDC) and the DHA Communications.

1.3.2 The meeting with DMDC shall be a technical specifications meeting regarding Defense Enrollment Eligibility Reporting System (DEERS) applications and interfaces.

1.3.3 The incoming contractor is required to attend and participate (by telephone) in systems integration meetings during contract transition. The purpose of these meetings is to address all phases

of systems interface implementation and **transition**, including testing and problem resolution. The meetings, scheduled and hosted by DHA, will be held at least weekly during the transition period, and will continue after contract **transition** until all system integration related issues are resolved.

1.3.4 DHA/DoD representatives will be included in these meetings and all plans developed will be submitted to the PCO and COR within 15 calendar days after the meeting for final approval.

2.0 TRANSITION-IN REQUIREMENTS

2.1 Systems Development

2.1.1 No later than 60 calendar days prior to the initiation of services under the contract, **DHA (or its designee) will review the incoming contractor's** processing systems and the telecommunications interconnections between these systems to include a demonstration by the incoming contractor of the system(s) capabilities to determine whether the systems satisfy the requirements of the contract. This includes telecommunications links with DHA **and** DEERS.

2.1.2 This review is in addition to **Benchmark** testing as outlined in **paragraph 3.0** (all systems necessary for **Benchmark** testing **shall** be operational at the start of **Benchmark** testing). The incoming contractor shall **implement** any modifications required by DHA prior to the initiation of services under this contract. The **PCO will notify the incoming** contractor of any such required modifications. The incoming contractor **shall** attend and participate in weekly systems integration meetings (see **paragraph 1.3.1**).

2.1.3 No later than 30 calendar days prior to the start of services, the incoming contractor shall demonstrate to DHA successful implementation of all web-based capabilities as required in the contract.

2.2 Execution of Agreements with Network Pharmacies

The incoming contractor shall execute retail network pharmacy agreements 60 calendar days prior to the start of retail pharmacy services, or at other such time as is mutually agreed upon between the incoming contractor and the PCO.

3.0 BENCHMARK TESTING

3.1 General

3.1.1 **No later than 60 days** prior to the start of services, the incoming contractor shall demonstrate the ability of its staff and its automated systems to accurately process all types of TRICARE Pharmacy (TPharm) claims in accordance with current requirements. This **shall** be accomplished through a comprehensive Benchmark test.

3.1.2 **On a mutually agreed upon timeline between the Government and the contractor, DoD/ DHA representatives will conduct a pre-benchmark meeting at the incoming contractor's site.**

3.1.2.1 The incoming contractor shall provide an overview of their system(s) and the test process, collect data for use in the benchmark, discuss the involvement of external systems in the test (e.g., DEERS), and discuss the dates of the test and information regarding the administration of the test.

3.1.2.2 At this time, DHA will provide the test scenarios to the incoming contractor that are to be used in the development of the test claims.

3.1.2.3 Data requirements will be coordinated at the pre- benchmark meeting to ensure that the incoming contractor adequately prepares all files prior to the benchmark. Electronic transaction requirements will be discussed to include timing and logistics.

3.1.3 At this pre-benchmark meeting, the incoming contractor shall be advised of the logistics of the Benchmark test to include, but not limited to:

3.1.3.1 The number of DoD/DHA staff who will monitor and evaluate the results of the test;

3.1.3.2 The amount of time the incoming contractor shall have to process test claims;

3.1.3.3 The process and point of contacts for the incoming contractor to use for questions related to the test scenarios provided by DHA;

3.1.3.4 Space requirements for the DHA team including access to telephones, computer terminals, and printers;

3.1.3.5 What reference documents the incoming contractor shall make available to the DHA team during the test (e.g., TRICARE Manuals, Explanation of Benefits (EOB) message codes, reject/denial codes, organizational chart, personnel directory, etc.).

3.1.4 The incoming contractor shall demonstrate its ability to conduct eligibility verification and claims processing functions to include, but not limited to:

3.1.4.1 Claims control and development;

3.1.4.2 Accessing and updating DEERS (e.g., Other Health Insurance (OHI), personal contact information, etc., excluding eligibility status);

3.1.4.3 Calculating cost-shares and deductibles;

3.1.4.4 Querying and updating internal and external family and patient deductible and cost-share files on the Catastrophic Cap and Deductible Data (CCDD) file;

3.1.4.5 Applying utilization review criteria;

3.1.4.6 Applying correct benefit design based on the beneficiary category, plan enrollment, point of service and other factors;

3.1.4.7 Applying overrides to rejects;

3.1.4.8 Adjusting and canceling previously processed claims (inside and outside the 10-day window for network retail pharmacy claims);

3.1.4.9 Producing required output for paper and electronic transactions.

3.2 Benchmark Procedures

3.2.1 On the first day of the Benchmark test, the Government will hold a brief entrance conference with the incoming contractor personnel to discuss the schedule of events, expectations, and administrative instructions.

3.2.2 The Benchmark test shall consist of up to 1,000 claims, testing a multitude of claim conditions, including TPharm covered and non-covered services, eligible and non-eligible beneficiaries, formulary and non-formulary processing, coordination of benefits, Department of Veterans Affairs (DVA)/Veterans Health Administration (VHA) claims, Medicaid claims, etc. The Benchmark test may require up to seven consecutive calendar days at the contractor's site(s). The test may also include adjustments and reversals, and submission of TRICARE Encounter Data (TED) records for these actions.

3.2.3 The incoming contractor shall conduct the Benchmark test. The test shall be comprised of both paper and electronic (batch and Point of Service (POS)) claim transactions. The incoming contractor shall be required to create test claims, including prior authorizations and medical necessity reviews from test scenarios provided to the contractor by DHA. The incoming contractor shall supplement these test scenarios with any internal conditions if appropriate for testing, and forward documentation to the Government.

3.2.4 The Benchmark test is comprised of one or more cycles or batches of claims. When more than one cycle is used, each cycle may be submitted on consecutive days. Each cycle after the initial one shall include new test claims, as well as claims not completed during preceding cycles. The Government will determine what aspects of claims processing will be tested.

3.2.5 The Government will determine which systems (internal and external) used by the incoming contractor to process claims will be used in the Benchmark Test. The Benchmark test shall also include generation and submission of TED records for every test claim. Incoming contractor compliance with applicable Health Insurance Portability and Accountability Act (HIPAA) and security requirements shall be included in the Benchmark test, as appropriate.

3.2.6 During the Benchmark test, the incoming contractor shall process the claims and shall provide output for evaluation by DHA personnel as the claims are processed to completion. The specific schedule for claims processing and the procedures for providing the output will be discussed with the incoming contractor at the pre-benchmark meeting. The outcome of each test scenario will be evaluated based on documentation provided and maintained by the incoming contractor, including payer sheets, benefit design document, interface control documents, etc.

3.2.7 At the conclusion of the Benchmark test, the Government may hold an exit conference with the incoming contractor staff to brief the incoming contractor on all findings identified during the Benchmark test. The Government will forward the initial Benchmark test report to the incoming contractor within 30 calendar days of the last day of the test. For any claims processing errors assessed with which the incoming contractor disagrees, a written description of the disagreement along with any specific references shall be included with the claims. The incoming contractor shall correct all findings identified during the Benchmark test no later than 30 days following the date of the initial report.

3.2.8 Within seven calendar days of the last day of the Benchmark test, the incoming contractor shall prepare and submit the initial TED records to DHA. The **Government will notify incoming contractor** of any TEDs failing the DHA edits. The incoming contractor shall make the necessary corrections and resubmit the TED records until 100% of the original Benchmark test TEDs have passed the edits and are accepted by DHA.

3.2.9 The incoming contractor **shall submit the final corrected TED record to DHA** 45 calendar days from the date of the initial Benchmark test report. New TEDs need not be generated to reflect changes created from claims processing corrections. All TEDs originally submitted for the Benchmark test claims which did not pass DHA edits **shall** continue to be corrected and resubmitted until all edit errors have been resolved and 100% of the TED records have been accepted by DHA.

3.3 Operational Aspects

3.3.1 The **incoming contractor shall conduct the** Benchmark test on the incoming contractor's production system(s) or an identical copy of the production system (i.e., test system). Whichever system is used for the benchmark, it **shall** meet all TRICARE requirements. If the Benchmark is conducted on the incoming contractor's production system, the incoming contractor shall prevent the possibility of any **data being transmitted to other production systems, including inappropriate** checks or EOBs being actually mailed to beneficiaries or providers.

3.3.2 Certain external test systems and files (e.g., DEERS) are an integral component of the Benchmark test, and the incoming contractor **shall** perform all necessary verifications, queries, etc., according to TRICARE procedures and requirements. The incoming contractor shall coordinate through DHA to ensure that direct interface with any required external test system is established and operational prior to the Benchmark.

3.4 The incoming contractor shall also conduct high-volume stress testing for retail pharmacy transactions. The purpose of this stress test is to ensure that proposed systems and system interfaces are configured to allow for a high volume of transactions in an acceptable time frame consistent with contract performance standards.

4.0 TRANSITION OUT REQUIREMENTS

4.1 Data

In the event of a non-incumbent contractor, the outgoing contractor shall provide to DHA (or, at the option of DHA, to an incoming contractor) such information as DHA requires to facilitate transitions from the outgoing contractor's operations to operations under the incoming contractor. **All files shall be provided in a non-proprietary format and the outgoing contractor shall include such file specifications and documentation as necessary for interpretation of these files.** Such information **shall** include, but is not limited to, the following:

4.1.1 The data contained in the outgoing contractor's claims processing system(s).

4.1.2 Information about the management of the contract that is not considered, under applicable Federal law, to be proprietary to the outgoing contractor.

4.2 Transition Out of The Contractor's Claims Processing Operations

During the procurement process leading to a contract award and upon notice of award to another contractor, the outgoing contractor shall undertake phase-out activities such as the following:

4.2.1 The outgoing contractor shall, upon receipt of a written request from DHA, provide to potential offerors such items and data as required by DHA. This shall include non-proprietary information such as record formats and specifications, field descriptions and data elements, claims and correspondence volumes, etc.

4.2.2 Transfer of Automated Data Processing (ADP) Files (Electronic)

The outgoing contractor shall prepare, in an electronic format, and transfer to the incoming contractor or DHA, by the 15th calendar day following the Post Award Conference, (unless otherwise negotiated by the incoming and outgoing contractors), all specified ADP files in accordance with the specifications in the MOU. The outgoing contractor shall continue to participate in preparation and testing of these files until they are fully readable by the incoming contractor.

4.2.3 Outgoing Contractor Weekly Shipment of History Updates

The outgoing contractor shall transfer to the incoming contractor, in electronic format, all beneficiary history files (occurring from the date of preparation for shipment of the initial transfer of such history files and every week thereafter) in accordance with the specifications in the MOU.

4.2.4 Transfer of Non-ADP Files

The outgoing contractor shall transfer to the incoming contractor all non-ADP files in accordance with the specifications in the MOU and Chapter 2, Section 10. The hard copies of the Beneficiary Claims History Files are to be transferred to the incoming contractor or Federal Records Center as required by Chapter 2. The contractor shall provide samples, formats, and descriptions of these files to the incoming contractor at the Transition meeting.

4.2.5 EOB Record Data Retention and Transmittal

4.2.5.1 The outgoing contractor shall provide either a full set of electronic records covering the current and two prior years, or at the PCO's discretion, provide the data and necessary programs to reproduce the EOB in an acceptable format and transfer such data and programs to the incoming contractor or to DHA. DHA will be the final authority in determining the format and/or acceptability of the data.

4.2.5.2 The outgoing contractor shall provide a final EOB to beneficiaries which shall include the last quarter of prescriptions processed under the contract.

4.2.5.3 The outgoing contractor shall deliver the EOB files to the incoming contractor prior to start of pharmacy services as described in the MOU.

4.3 Final Processing By Outgoing Contractor

The outgoing contractor shall:

4.3.1 Process to completion all claims, including adjustments, received during its contract period (including contract **transition** out). Processing of these claims shall be completed within 90 calendar days following the start of the incoming contractor's service delivery. All claims shall meet the same standards as outlined in the current contract.

4.3.2 Be liable, after the termination of services, for any payments to subcontractors of the outgoing contractor arising from events that took place during the period of this contract.

4.3.3 Process all correspondence and incoming telephone inquiries which pertains to claims or services processed or delivered under this contract within the time frames established for response by the standards of the contract.

4.3.4 Complete all appeal cases that pertain to claims or services processed or delivered under the contract within the time frames established for response by the standards of the contract.

4.3.5 Correction of Edit Rejects

The outgoing contractor shall retain sufficient resources to ensure correction (and reprocessing through DHA) of all TED record edit errors no later than 120 calendar days following the incoming contractor's start of pharmacy services.

4.3.6 Cost Accounting

If the outgoing contractor succeeds itself, costs related to each contract shall be kept separate for purposes of contract accountability.

4.3.7 Records Disposition

The outgoing contractor shall comply with the provisions of [Chapter 2, Section 10](#) in final disposition of all files and documentation. The outgoing contractor shall include a records disposition section as part of the **Transition** Out Plan.

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