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GOVERNOR



BONNIE KAHAKUI  
ACTING ADMINISTRATOR

**STATE OF HAWAII  
STATE PROCUREMENT OFFICE**

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Sep 16, 2022

TO: Executive Departments/Agencies  
University of Hawaii  
Hawaii Health Systems Corporation  
Judiciary  
City & County of Honolulu  
County of Hawaii

FROM: Bonnie Kahakui, Acting Administrator

A handwritten signature in blue ink that reads "Bonnie A Kahakui".

SUBJECT: **Change No. 2**  
SPO Price List Contract No. 20-19  
**PHARMACEUTICAL WHOLESALE DISTRIBUTION SERVICES CONTRACT**  
MMCAP Contract No. MMS1900114  
**Contract Expires: October 31, 2023**

The following changes are made to the price list contract:

1. The Price List Contract No. 20-19 is extended to October 31, 2023.
2. Compliance requirement per HRS §103-53 has been added.

This current price list contract incorporating Change No. 2 is available on the SPO website: <http://spo.hawaii.gov>. Click on *Price and Vendor List Contracts* on the home page.

If you have any questions, please contact Christopher Amandi at (808) 587-4706, or [Christopher.J.Amandi@hawaii.gov](mailto:Christopher.J.Amandi@hawaii.gov)

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**STATE OF HAWAII  
STATE PROCUREMENT OFFICE**

**SPO Price List Contract No. 20-19 (Statewide)**

Replaces SPO Price List Contract No. 15-07

Includes Change No. 2

Effective: November 1, 2022

***THIS SPO PRICE LIST CONTRACT IS FOR AUTHORIZED BUSINESS USE ONLY***

**PHARMACEUTICAL WHOLESALE DISTRIBUTION SERVICES**

**November 1, 2022 – October 31, 2023**

**INFORMATION ON MMCAP INFUSE AND THE PHARMACEUTICAL WHOLESALE DISTRIBUTION SERVICES CONTRACT**

The State of Hawaii is a member of the Minnesota Multistate Contracting Alliance for Pharmacy (MMCAP) Infuse, a voluntary group purchasing organization operated by the State of Minnesota's Department of Administration for government healthcare facilities. The mission of MMCAP Infuse is to provide member organizations, through combined purchasing power, to receive the best prices available for pharmaceuticals and related products to eligible government facilities.

The State of Minnesota is the lead agency and contract administrator for the MMCAP Infuse pharmaceutical products prime contractor distribution. A competitive sealed proposal was issued on behalf of MMCAP Infuse and a contract was awarded to AmerisourceBergen Drug Corporation. The contractor is required to distribute pharmaceutical products as ordered by an eligible health care facility.

The State Procurement Office, on behalf of the executive branch and the purchasing agencies listed below, has joined the MMCAP Infuse pharmaceutical prime contractor distribution contract. The MMCAP Infuse contract offers a wide range of pharmaceutical products.

For additional information on this contract visit, <http://www.mmcap.org>



**PARTICIPATING JURISDICTIONS.** Agencies of the following purchasing jurisdictions may purchase from this price list contract:

- Executive Departments/Agencies
- University of Hawaii (UH)
- Hawaii Health Systems Corporation (HHSC)
- Judiciary
- City & County of Honolulu (C&C of Honolulu)
- County of Hawaii

Participating jurisdictions are not required but may purchase from this price list contract, and requests for exception from the contract are not required. Participating jurisdictions are allowed to purchase from other contractors; however, HRS Chapter 103D, and the procurement rules apply to purchases by using the applicable method of procurement and its procedures, such as small purchases or competitive sealed bidding. The decision to use this contract or to solicit pricing from other sources is at the discretion of the participating jurisdictions.

**POINTS OF CONTACT.** Questions regarding products, ordering, pricing, and status should be directed to the Contractor.

Procurement question or concerns may be directed as follows:

| Jurisdiction     | Name                   | Telephone | Fax      | E-mail   |
|------------------|------------------------|-----------|----------|--|
| Executive        | Christopher Amandi     | 587-4706  | 586-0570 | <a href="mailto:christopher.j.amandi@hawaii.gov">christopher.j.amandi@hawaii.gov</a> |
| UH               | Karlee Hisashima       | 956-8687  | 956-2093 | <a href="mailto:karlee@hawaii.edu">karlee@hawaii.edu</a>                             |
| HHSC             | Nancy Delima           | 359-0994  |          | <a href="mailto:ndelima@hhsc.org">ndelima@hhsc.org</a>                               |
| Judiciary        | Tritia Cruz            | 538-5805  | 538-5802 | <a href="mailto:tritia.l.cruz@courts.hawaii.gov">tritia.l.cruz@courts.hawaii.gov</a> |
| C&C Honolulu     | Procurement Specialist | 768-5535  | 768-3299 | <a href="mailto:bfspurchasing@honolulu.gov">bfspurchasing@honolulu.gov</a>           |
| County of Hawaii | Diane Nakagawa         | 961-8440  |          | <a href="mailto:diane.nakagawa@hawaiicounty.gov">diane.nakagawa@hawaiicounty.gov</a> |

**ELIGIBLE AUTHORIZED PARTICIPATING FACILITIES.** Only eligible authorized facilities, of a participating jurisdiction, are authorized to use this contract. Eligible authorized facilities, wanting to use this contract, are required to complete a *MMCAP Facility Membership Application* and *Facility Membership Agreement* prior to ordering. Submit a completed and signed application and agreement to the State Procurement Office, Attention Bonnie Kahakui, for verification and submission to MMCAP.

**DOCUMENTS REQUIRED BY CONTRACTOR TO OPEN A NEW ACCOUNT.** Contractor's required forms include, but not limited to:

- AmerisourceBergen Credit Application and Agreement

- Pharmacy License
- Declaration of Eligibility for Contract Pricing

Contact the AmerisourceBergen Customer CARE Contact Center for the most updated forms and information regarding opening a new account.

**AUTHORIZED PARTICIPATING FACILITIES.** Each authorized participating facility will be assigned an account manager who will be responsible for building and developing an effective working relationship with the authorized participating facility’s staff, including assisting in optimizing the facility’s formulary, sharing best practices to improve efficiency and reducing costs. Routine contact with the authorized participating facilities is summarized below:

| Average Monthly Net Purchase Volume  | Frequency of Contact with Authorized Participating Facility | Type of Contact        |
|--|---|------------------------|
| \$ 0 - \$75,000  | Monthly   | Telephone*             |
| \$75,001 to \$100,000  | Monthly Telephone<br>In Person Quarterly                    | Telephone<br>In Person |
| *Should issues arise that cannot be addressed by telephone, reasonable efforts will be made to address those issues in person. |   |                        |

**CONTRACTOR.** AmerisourceBergen is the only authorized contractor to distribute pharmaceuticals and related products under the Master Agreement with the State of Minnesota and with the State Procurement Office in Hawaii. Pharmaceuticals include but not limited to: prescription, over-the-counter, controlled substances, and limited supplies.

Name: AmerisourceBergen Drug Corporation  
 Address: 238 Sand Island Access Road  
 Contact: Leia Nu  
 Telephone: (808) 268-7818  
 E-mail: [Leia.nu@amerisourcebergen.com](mailto:Leia.nu@amerisourcebergen.com)

**CONTRACTOR CODES** for annotation on purchase orders are obtainable from the Alphabetical Contractor Edit Table available at your department’s fiscal office. Departments are cautioned that the remittance address on an invoice may be different from the address of the contractor code annotated on the purchase order. Therefore, when processing an invoice for payment, be sure that the correct contractor code is used.

**COMPLIANCE PURSUANT TO HRS §103D-310(c).** Prior to awarding this contract, the SPO verified compliance of the Contractor(s) named in the SPO Price List Contract No. 20-19. No further compliance verification is required prior to issuing a contract, purchase order, or pCard payment when utilizing this contract.

**ORDERING SYSTEM.** Each authorized participating facility will have access to the AmerisourceBergen ordering program which can be accessed online at <https://passport.amerisourcebergen.com>. Contact the AmerisourceBergen representative for a username, password, and training.

**INVENTORY SUFFICIENCY OF MMCAP INFUSE CONTRACT PRODUCTS.** The contractor is required to sufficiently stock MMCAP Infuse Contract Product. Contractor is required to stock inventory of MMCAP Infuse Contract Products unless there are fewer than three (3) units sold per month per distribution center. If there is volume of three (3) units or more of an equivalent product, contractor is required to stock inventory of MMCAP Infuse Contract Product based on equivalent product sales. MMCAP Infuse Contract Products that do not meet the units sold threshold and which are not stocked will be required to be viewable and orderable within contractor's online ordering system. The contractor will not create any unreasonable barriers in order to stock MMCAP Infuse Contracted Product. The contractor will work with MMCAP Infuse upon request to identify significant trends, including increases and decreases in purchase.

At initial account set-up, based on usage data from MMCAP Infuse, the contractor is required to stock a fifteen (15) day's supply of products. Thereafter, the contractor's buying system will be used to manage the demand by stocking inventory to meet said demand. Contractor will carry utilization history (demand) for a minimum of 60 calendar days, decreasing inventory stock of a product that has not been ordered after the 60 calendar period. The contractor is required to maintain inventory stocking in accordance to service level and inventory parameters.

**SPECIAL ORDERS.** An MMCAP Infuse Participating Facility may request special order through the contractor. For special orders:

- a. All Special Orders should be requested through the MMCAP Infuse Participating Facility's account representative or customer service. No electronic orders will be accepted.
- b. Special requests may be, but are not limited to: 1) special one-time orders, 2) government entities placing large orders at the end of their fiscal year, 3) items to be added to usage information to ensure they are included as routine stock items at the distribution center, or 4) large quantities of identical lot numbers.
- c. Special Orders are handled as either "pre-book" or "drop-ship". Pre-book and drop-ship orders require contractor to place an order directly with the manufacturer on the MMCAP Infuse Participating Facility's behalf.
- d. Special Orders are NON-returnable to contractor.
- e. Stockpiling program orders are to be facilitated with a contractor designated resource to provide timely review of the specific items to be purchased, dating, and stocking availability for the order to be fulfilled. Appropriate communication throughout the process, from initiation to delivery, will be provided to the MMCAP Infuse Participating Facility as well as the MMCAP Stockpiling Program Coordinator and MMCAP Infuse Pharmacy Distribution Services Assistant Coordinator.

**STOCK OUTAGES.** Contractor created stock outages, meaning products ordered by not delivered due to contractor's "at-fault" inability to fulfill.

One remedy available to an ordering MMCAP Infuse Participating Facility for a contractor created stock outage will include requirements for the contractor to provide products ordered by not delivered within three (3) business days following the request by the MMCAP Infuse Participating Facility to the contractor's customer service, subject to Next Scheduled Delivery Day limitation imposed by the manufacturer. If product is transferred from an alternative distribution center in order to resolve a contractor created stock outage at the distribution center where the product was ordered, the contractor will not be allowed to charge fees attributable to the product transfer. The contractor is required to work with MMCAP Infuse Participating Facilities to fast-track product delivery on a case-by-case basis, subject to applicable state Pedigree requirements.

As part of the fast-track process, upon request, contractor may instruct the manufacturer to ship directly to the MMCAP Infuse Participating Facility for Next Day Delivery if the product is available from manufacturer and deemed critical by the MMCAP Participating Facility. Drop ship charges may apply. MMCAP Infuse Participating Facility may request a refund of the drop ship charges, upon further review and agreement of the contractor.

Another remedy available to an ordering MMCAP Infuse Participating Facility if the contractor fails to make prompt shipment of MMCAP Infuse Contract Products due to contractor created stock outages, contractor's ordering system review errors, cancellation, or backorders (excluding manufacturer backorders), is a failure to supply claim. The ordering MMCAP Infuse Participating Facility may choose to buy PRxO Product for the period in which the contractor is unable to provide the MMCAP Infuse Contract Product. The contractor will be liable to the MMCAP Infuse Participating Facility for any excess cost over the MMCAP Infuse Contract Product price and the PRxO Product for failure in supplying the MMCAP Infuse Contract Product. This will be in effect for 90 calendar days from the date the contractor is first unable to supply the product to an MMCAP Infuse Participating Facility. Credits due to an MMCAP Infuse Participating Facility based on excess product procurement costs caused by a contractor stocking failure in creating a Stock Outage or cancellation/backorder will be routed from the contractor back to the Participating Facility in form of an account credit.

In the event MMCAP chooses to process Failure to Supply claims on behalf of MMCAP Infuse Participating Facilities, the contractor is to receive 30 days' prior written notice. Contractor agrees to accept electronic claim from MMCAP Infuse, and/or MMCAP Infuse Members, subject to the execution of a mutually agreeable amendment.

**MANUFACTURER BACKORDERS (MBO).** Contractor's online order entry system will provide real-time inventory status. The contractor's order entry system with either provide notification prior to order of all MBOs or have identifiers on the inventory identifying why a product is unavailable (manufacturer backorder, temporary out-of-stock, discontinued product, etc.).

The contractor will also list all MBOs on its website and the MMCAP Infuse Participating Facility can call customer service to make inquiries. Notifications of MBOs will be provided by the contractor either through the contractor's website or contractor generated push e-mail to MMCAP Infuse Participating Facilities.

**PRICING.** All prices and price changes will be available to all authorized participating facilities at any time via the contractor's online ordering system.

**340B DRUG PRICING PROGRAM.** AmerisourceBergen is an authorized distributor of the 340B Drug Pricing Program. Authorized participating facilities that are eligible and participating in the 340B Drug Pricing Program will maintain separate purchasing accounts for ordering 340B contract products.

**AUTOMATIC SUBSTITUTION.** Automatic substitution will only be permitted upon request by an authorized participating facility.

**ROUTINE DELIVERY.** Shipments to the State of Hawaii under this contract shall be FOB destination, freight prepaid to the authorized participating facility receiving dock or pharmacy, unless otherwise stated. Delivery service is based on monthly net purchase volume as summarized below. Scheduled delivery days will be communicated at setup.

Deliveries to neighboring island will be charged freight (currently \$1.15 per pound or a flat base rate of \$45.00 whichever is greater. Hazardous material is charged freight at \$12 per delivery). Returns to AmerisourceBergen will be charged a base shipment rate of \$40.00 or \$1.15 per pound, whichever is greater. Same day delivery requests are charged a flat rate of \$150.00 (delivered within 5 hours of request).

Allowable Routine Deliveries: (Contractor will not charge a fuel surcharge)

| Average Monthly Purchasing Volume | Number of Free (no-charge) Deliveries per Week |
|-----------------------------------|--|
| \$0 - \$9,999                     | 1  |
| \$10,000 - \$25,000               | 3  |
| \$25,001 and up                   | 5  |

**EMERGENCY DELIVERY.** Emergency deliveries will be assessed actual freight charges plus \$50 handling fee.

Free (no charge) emergency deliveries are as outlined in the table below:

| Average Monthly Purchasing Volume | Annual Number of Free (no-charge) Emergency Order Deliveries |
|-----------------------------------|--|
| \$0 - \$25,000                    | 0  |
| \$25,001 and up                   | 12, not to exceed 3 per quarter                              |

**DROP SHIPMENTS.** Contractor will act as a conduit to expedite and simplify the ordering and payment of Drop Shipment Products. Unless otherwise approved by the authorized MMCAP Infuse Participating Facility, drop shipments directly from the product manufacturer for recurring orders are prohibited.

Contractor does not charge any additional delivery fees or surcharge for MMCAP Infuse Contract and Non-Contract Product Drop Shipments, but contractor will pass through any supplier imposed special handling fees.

Drop shipment products must be phoned into AmerisourceBergen customer service department. Orders for drop shipment products will be placed with the product manufacturer on the same day, subject to the manufacturer's ordering policy.

**SERVICE FEE DISCOUNT MATRIX.** Service fees apply to all products, other than bulky products, based on payment option and average total monthly net purchasing volume.

| Payment Term  | \$1 to \$500,000 | \$500,001 To \$1,000,000 | \$1,000,001 To \$2,000,000 | \$2,000,001 To \$4,000,000 | \$4,000,001 To \$6,000,000 | \$6,000,001 To \$12,500,000 | \$12,500,001 To \$18,000,000 |
|---|------------------|--------------------------|----------------------------|----------------------------|----------------------------|-----------------------------|------------------------------|
| 30 Day Net Pay*   | -3.17%           | -4.27%                   | -4.87%                     | -5.42%                     | -5.82%                     | -6.12%                      | -6.67%                       |
| 45 Day Net Pay**  | -2.07%           | -3.17%                   | -3.77%                     | -4.32%                     | -4.72%                     | -5.02%                      | -4.57%                       |
| * 30 Day Net means that purchasing agency will pay contractor in full for each invoice on or before the 30 <sup>th</sup> calendar day from the date of invoice. |                  |                          |                            |                            |                            |                             |                              |



|   |
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| <p>**45 Day Net means that purchasing agency will pay contractor in full for each invoice on or before the 45<sup>th</sup> calendar day from the date of invoice.</p> |
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**CUSTOMER SATISFACTION/COMPLAINT RESOLUTION.** Contractor and authorized participating facilities will handle dispute resolution for unresolved issues using the following procedures. Parties shall promptly notify each other of any known dispute and work in good faith to resolve such disputes within five (5) business days. Absent resolution after five (5) business days, parties shall proceed to Documentation and Escalation.

Documentation. Both the authorized participating facility and contractor will jointly develop a short briefing document, within five (5) business days that describes the issue(s), relevant impact and position of both parties. The briefing document must be sent by the contractor to the MMCAP Office, the authorized participating facility, and the contractor’s MMCAP Primary Account Representative.

Escalation. If parties are unable to resolve the issue in a timely manner, as specified above, either the authorized participating facility or contractor may escalate the resolution of the issue to a higher level of management. Where escalation of the issue proves ineffective, either party may contact the MMCAP Office and/or the contractor’s MMCAP Representative for further resolution. When escalated to MMCAP, a teleconference will be scheduled with the MMCAP Office and the contractor’s MMCAP Primary Account Representative to review the briefing document and develop a proposed resolution and plan of action. The plan and timeline must be agreed to by all parties – the MMCAP Office, the authorized participating facility, and contractor. The contractor will have a reasonable amount of time to cure the issue, but in no event longer than thirty (30) days, except by express written agreement of the parties.

**SPO PL Contract No. 20-19 & MMCAP Contract No. MMS1900114** shall be typed on purchase orders issued against this price list contract.

**PAYMENTS** are to be made to the contractor’s remittance address. Authorized participating facility will be responsible for payment of goods and services. Purchase orders are the only acceptable form of payment. pCard payment will not be accepted.

**COMPLIANCE PURSUANT TO HRS §103-53.** All state and county contracting officers or agents shall withhold final payment of a contract until the receipt of tax clearances from the director of taxation and the Internal Revenue Service. This section does not apply to contracts of less than \$25,000.

**VENDOR AND PRODUCT EVALUATION.** Form SPO-012, Evaluation: Vendor or Product, for the purpose of addressing concerns on this price list contract, is available to agencies at the SPO website: <http://spo.hawaii.gov>. Click on *Forms* on the home page.

**STATE GENERAL EXCISE TAX (GET) AND COUNTY SURCHARGE** shall not exceed the following rates if seller elects to pass on the charges to its customers.

| COUNTY          | COUNTY SURCHARGE TAX RATE | STATE GET | MAX PASS-ON TAX RATE | EXPIRATION DATE OF SURCHARGE TAX RATE |
|-----------------|---------------------------|-----------|----------------------|---------------------------------------|
| C&C OF HONOLULU | 0.50%                     | 4.0%      | 4.7120%              | 12/31/2030                            |
| HAWAII          | 0.50%                     | 4.0%      | 4.7120%              | 12/31/2030                            |

|   |       |      |         |                     |
|---|-------|------|---------|---------------------|
| COUNTY OF MAUI<br>(including Molokai and Lanai) | 0.0%  | 4.0% | 4.1666% | No county surcharge |
| KAUAI   | 0.50% | 4.0% | 4.7120% | 12/31/2030          |

The GET or use tax and county surcharge may be added to the invoice as a separate line item and shall not exceed the current max pass-on tax rate(s) for each island.

County surcharges on state general excise (GE) tax or Use tax may be visibly passed on but is not required. For more information on county surcharges and the max pass-on tax rate, please visit the Department of Taxation's website at <http://tax.hawaii.gov/geninfo/countysurcharge>.

**PRICE LIST CONTRACT AVAILABLE ON THE INTERNET** at the SPO website: <http://spo.hawaii.gov>. Click on *SPO Price List/Contractor List Contracts* on the home page.

The current price catalog and contract information for products are available via the online ordering system provided by the contractor, <https://passport.amerisourcebergen.com>. Login and password is required to access the catalog prices. Contact AmerisourceBergen's representative to arrange for training and overview of the process, if needed.

Contract prices for products are updated automatically on the contractor's online system for all MMCAP contracted products.