



GEORGIA DEPARTMENT OF
COMMUNITY HEALTH

TO: All DCH Staff
From: The Office of Procurement Services
Subject: Procurement Policy and Procedures - Revision 2, Fiscal Year 2008 (FY08)

1. Purpose To establish the procurement policy and procedures specific to State Health Benefit Plan procurements, pursuant to Official Code of Georgia §31-5A-1, 45-18-2, 45-18-3, 45-18-6. The revised manual titled Procurement Policy and Procedures – Revision 2 (FY08), hereinafter referred to as PPM, Revision 2.

2. Revision The Procurement Policy and Procedures Manual dated November 28, 2007, is hereby revised and superseded.

3. Scope PPM, Revision 2 (FY08) establishes an updated set of policies and procedures for:

- State Health Benefit Plan

4. Applicability PPM, Revision 2 (FY08) applies to all applicable procurement processes.

5. Summary of Revisions Revisions have been made in section 1.1 Introduction. See overview of PPM, Revision 1 (FY08) change attached.

6. PPM Access The PPM, Revision 2 (FY08) may be accessed on the DCH intranet.

7. Contacts Questions regarding the information contained in this manual may be directed to the Office of Procurement Services.

8. Effective Date The provisions outlined in this directive are effective **November 29, 2007.**

Attachment

OVERVIEW OF PPM, REVISION 1, FY 08

The purpose of Revision 1 (FY08) to the PPM is to incorporate new and updated policies for:

State Health Benefit Plan Procurements.

Section:	Procedure Was:
1.1	For most procurements as later described herein, DCH acts in conjunction with or under the support of the Department of Administrative Services (DOAS) which oversees purchasing services for the State. However, in specific instances approved by the Commissioner, DCH's OPS will conduct procurements independently relying only upon DOAS to act as the agent for protests.
Introduction	

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Section:	Procedure Is:
Appendix Four	State Health Benefit Plan Procurement Policy

State Health Benefit Plan Procurement Policy

Introduction

In its charge to effectively oversee daily business activities required for the management of the over half a million members, the SHBP requires the ability to direct the administrative procurement timeline to preserve its ability to ensure seamless service delivery. As such, the SHBP procurement process requires management through the internal policy and procedures.

The Department of Community Health (DCH), Office of Procurement Services (OPS) will follow guidelines described herein for State Health Benefit Plan (SHBP) procurements, pursuant to O.C.G.A. §31-5A-1, 45-18-2, 45-18-3, 45-18-6. Procurements exempt from State Purchasing Authority may include an array of health plans, pharmacy benefit management, and innovative health management product purchases to provide health insurance coverage to state employees, school system employees, General Assembly employees, retirees and their dependents, and other groups legislatively mandated.

The SHBP must allow an implementation schedule of at least six (6) months, to ensure a successful implementation inclusive of, but not limited to, the following business requirements:

1. Loading and testing of eligibility files.
2. Installation and testing of the medical and pharmacy benefit designs.
3. Transfer of claims history and other records, as needed.
4. Implementation and testing of accounting and banking arrangements.
5. Installation and testing of all third party vendor interfaces.
6. Implementation of vendors' Corrective Action Plans to address any specific network deficiencies.
7. Development, printing and distribution of Member communication materials.
8. Execution of communication plan for key internal and external stakeholders.
9. Completion of training of internal and vendor customer service staff.
10. Implementation of all open enrollment and retiree option change period activities.
11. Members' receipt of Identification Cards prior to the implementation date.

The SHBP will identify vendors for these services through a Request for Qualified Services (RFQS) – a two-phase procurement process identifying vendors first based on qualifications to provide the level of service(s) and second on best business approach and price.

Phases are defined as follows:

Phase 1. Statement of Qualifications (SOQ) – a vendor response to a request to verify its current ability to implement the SHBP desired business strategy. The request may be inclusive, but not limited to: verification of appropriate licensure, attestation of qualifications, and other qualification based submission requirements.

Phase 2. Request for Approach (RFA) – an in depth evaluation of technical aspects of approaches inclusive of the aspects of the desired business strategy, weighted on areas of priority to the State. Review and evaluation will be inclusive of professional actuarial review, site visits, oral presentations, and other requirements as determined necessary to determine the best approach for the State and its members. Efficient management of this process necessitates SHBP’s limit of review only to those vendors qualified at Phase 1.

Legal Authorization

The State Health Benefit Plan (SHBP) is authorized to provide healthcare services to state employees pursuant to O.C.G.A. §31-5A-1, 45-18-2, 45-18-3, 45-18-6. The SHBP is exempt from the Department of Administrative Services State Purchasing requirements pursuant to Georgia Code 50-5-58, and Chapter 2: Section 3 of the Georgia Procurement Manual.

The SHBP procurement process described herein provides a structured, competitive approach consistent with the DCH mission to obtain quality goods and services that are priced within industry standards.

Method of Communication

The SHBP will at minimum utilize the DCH website to post all documentation associated with the RFQS.

Issuance of a Statement Of Qualifications (SOQ)

The SOQ will be posted for a period of no less than ten (10) calendar days for responses from interested parties. The SHBP reserves the right to extend the timeline and will post all extension notices to the DCH web site. The DCH will clearly identify the deadline and vendor response criteria and the format prescribed by OPS, if any.

Restriction on Communication with Vendors

From the issue date of this RFQS until a contractor is selected and the selection is announced, Offerors are not allowed to communicate for any reason with any DCH staff except through the Issuing Officer named within the solicitation, except during the

Offeror's conference, or as provided by existing work agreement(s) as applicable. The DCH reserves the right to reject the proposal of any Offeror violating this provision.

Questions must be directed in writing to the Issuing Officer. No questions other than written will be accepted. No response other than written will be binding upon the State.

All questions must include the company name and the referenced section of the RFQS.

No Collusion

RFAs must contain a certificate of non-collusion which must be signed by an authorized representative of the Offeror. Such person shall include his or her title and, if requested, shall supply verification of authority to bind the company in contract. This certificate is required by law and failure to sign and submit it with the response to the Request for Approach may result in its rejection.

Evaluation of SOQ

Strict adherence will be required for responses to the SOQ. The SHBP, at its sole discretion, reserves the right to determine whether any late responses or omissions to any portion of the SOQ may result in the rejection of the SOQ in its entirety.

A DCH review committee will evaluate the Offerors' responses to the DCH's SOQ based on the published Pass/Fail criteria.

Results of SOQ

Prior to the RFA release, notice will be provided to vendors not qualified in Phase 1.

Without exception, only those vendors identified as passing all requirements in Phase 1, will be considered to present an approach within Phase 2.

Request for Approach

The RFA provides vendors qualified in Phase 1 with the opportunity to detail their strategy to effectively meet expectations associated with business strategies. The DCH Issuing Officer shall provide a written Request for Approach (RFA) to only those Offerors qualified in Phase 1.

Requirements for approach may include, but not be limited to the vendor's technical approach, implementation plan, and cost structure. In addition to evaluating submission material, the DCH Evaluation Committee may request site visits and oral interviews in consideration of scoring the business approach(es). Request for cost structure and methodologies must be submitted and labeled separate from the technical approach.

Addenda

The DCH procurement agent shall issue a solicitation addendum to do any or all of the following:

1. Make changes in the solicitation;
2. Correct defects or ambiguities;
3. Provide additional information or instructions; or
4. Extend the offer due date and time if the DCH procurement agent determines that an extension is in the best interest of the state.

If a solicitation is changed by a written solicitation addendum, the DCH Issuing Officer shall notify vendors to whom the procurement agent distributed the solicitation. It is the responsibility of the Offeror to obtain any solicitation addendums. An Offeror shall acknowledge receipt of an addendum in a manner specified in the solicitation addendum on or before the solicitation due date and time.

Cancellation of Solicitation

Based on the best interest of the State, the DCH may cancel a solicitation at any time before award. The Issuing Officer shall notify Offerors of the cancellation in writing. A notice of the cancellation shall be posted to the DCH web site.

DCH reserves the right to set aside submitted approaches and pursue other contingencies.

Evaluation of Approach

The Evaluation Committee will individually score and rank the Offerors based upon the technical evaluation of approach, site visit, and oral presentation, and/or other criteria as identified within the RFQS.

Contract Negotiation and Award

The highest ranked Offerors will be identified to enter into additional discussions and negotiations in succession until an agreement is reached with the Offeror that is identified to offer the best approach and best value to the State.

In preparation for consideration for award, the proposed pricing, product lines, and underlying assumptions shall be evaluated by a financial subject matter expert (may include professional actuarial services) for reasonableness of obtaining desired results, consistency with established criteria, and to suggest opportunities for negotiation of proposed cost and contract terms. Negotiations will be limited to cost and contract terms.

All agreed upon terms made between the DCH and the Offeror must be confirmed in writing. Only the written agreement will be obligatory upon the State.

Period for Contract Negotiations

The period of contract negotiations will be a maximum of five (5) business days, unless otherwise determined at the sole discretion of the DCH.

Announcement of Award

The DCH may make a single award, multiple awards, or may elect not to award a contract. DCH will post a notice of award when there is an executed contract between DCH and an Offeror(s). The OPS will post the outcome of the solicitation to the DCH web site, along with the basis for the decision(s).

Notification will be provided to Offerors to whom an award offer is not made, in conjunction with award announcements.

Failure to Reach Agreement

If the DCH and an Offeror fail to reach mutual agreement within five (5) business days, the DCH shall reserve the right to enter into negotiations with the next highest ranked vendor, based on the selection ranking.

Therefore, if the DCH is unable to negotiate a satisfactory contract with the selected firm, the DCH shall, formally and in writing, end negotiations with that firm and proceed to negotiate with the next firm in the order of the selection ranking until a contract is reached or negotiations with all ranked Offerors end.

Appeal of Contract Award

An Offeror may appeal the decision to the award of an executed contract. The appeal must be submitted in writing to the Director of Procurement within seven (7) calendar days, excluding State holidays, of the award notice posting, and shall include the following information:

- (1) Name, address, email, and telephone number of the Offeror;
- (2) Signature of the Offeror or the Offeror's representative (if applicable);
- (3) Detailed statement of the factual grounds of the appeal including copies of all relevant documents;
- (4) Form of relief requested.

If the Director of Procurement determines that a proposed contract award does not comply with the procurement statutes and regulations, the Director shall implement an appropriate remedy, that includes, but is not limited to, the following considerations: the seriousness of the procurement deficiency, the degree of prejudice to other interested parties or to the integrity of the procurement system, the good faith of the parties, the extent of performance, costs to the government, the urgency of the procurement, and the impact of the relief on the agency's mission. An appropriate remedy will ensure compliance with procurement statutes and regulations.

The decision from the Director of Procurement will be rendered within fifteen (15) calendar days, excluding State holidays, unless an extension notice is provided to the Offeror of the date by which a decision will be issued.

The decision shall contain an explanation of the basis of the decision and a statement that the Offeror may request a review of the decision by the DCH Commissioner within three (3) calendar days, excluding State holidays, from receipt of the decision. The DCH Commissioner's decision will be rendered within five (5) calendar days, excluding State holidays, unless an extension notice is provided. The decision of the DCH Commissioner is final.

The successful awardee will be notified, in writing, of a requested appeal. Implementation activities will continue during any period of appeal and such activities during any appeal phase will continue at awardee(s) at awardee's(s') risk and award may be repealed if a successful appeal results in a rescission of the award(s).

Public Records and Trade Secrets

Records received by the DCH are subject to disclosure under the Georgia Open Records Act, O.C.G.A. § 50-18-70, *et seq.* All proposals, related materials, exhibits, documents, and samples submitted are subject to public inspection and disclosure; however, it should be noted that trade secrets are excluded from disclosure of public records. If an Offeror determines that the submission of any trade secret is required in response to the RFQS, such documents should be labeled plainly as “confidential”, “proprietary”, or “trade secret” when submitted in response to this RFQS. The use of labels or markings of “confidential”, “proprietary” or “trade secret” must be strictly limited to those documents that are “confidential” or “trade secret” under Georgia law. The determination of the applicability of laws is the responsibility of each Offeror. The DCH may not provide legal advice. After the posting of the Notice of Award, public records submitted in proposals will be available upon request. The DCH's receipt, review, evaluation or any other act or omission concerning any such information shall not create an acceptance by the DCH of any obligation or duty to prevent the disclosure of any such information. NOTE: The final decision about which records are “public records” and will be disclosed is made by the state agency that receives a request for inspection or copies of the records.

Lifespan of the Procurement

All procurements remain active for a period of no more than one hundred eighty (180) days of the deadline submission of the RFA. Should a selected contractor or subcontractor default or be otherwise determined incapable of rendering services, the DCH reserves the right to return to the procurement.