

**DETERMINATION AND FINDINGS FOR A  
SOLE SOURCE PROCUREMENT**

**Contract No:** DCHT-2014-C-0021  
**Caption:** Actuarial Consulting Services  
**Proposed Contractor:** Mercer Government Human Services Consulting (Mercer)  
**Program Agency:** Department of Health Care Finance

**FINDINGS**

**1. Authorization:**

D.C. Official Code §2-354.04, 27 DCMR 1304 and 1700

**2. Minimum Need:**

The Department of Health Care Finance has a minimum need to provide Actuarial Consulting Services. Contractor shall provide actuarially sound capitation rates for payments made by the District on periodic basis to each Managed Care Organization (MCO) for the provision of medical services under the District's Medicaid or Alliance programs.

**3. Estimated Reasonable Cost:**

The estimated fair and reasonable price to provide the required services during the contract is \$600,000.00. The estimated price has been determined fair and reasonable based on the fact that the unit prices for the contract are the same as those paid by the District under previous contracts. The contract term is October 1, 2014 through December 31, 2014.

**4. Facts Which Justify Single Available Source Procurement:**

A. DHCF is the single state agency responsible for administering the Medicaid program and has entered into risk-based contracts with three (3) Managed Care Organizations (MCOs) to manage delivery of medically necessary Medicaid services. In accordance with federal regulations, capitation payments under risk contracts must be actuarially sound. Capitation rates are fixed payments made by the District on a periodic basis to each MCO for the provision of medical services under the District's Medicaid or Alliance programs. Actuarially sound means capitation rates that have been developed in accordance with generally accepted actuarial principles and practices; are appropriate for the populations to be covered, and the services to be furnished under the contract; and have been certified by Actuaries who meet the qualification standards established by the American Academy of Actuaries and follow

the practice standards established by the Actuarial Standards Board. Rate development for the MCOs occur twice per year and as necessary when program changes are implemented that results in a change in the actuarially sound capitation rates.

- B. The contract is to provide actuarially sound capitation rates for payments made by the District on periodic basis to each Managed Care Organization (MCO) for the provision of medical services under the District's Medicaid or Alliance programs.
- C. The actuarial services are necessary to ensure continuity and avoid any disruption of services mandated by Center for Medicaid and Medicare Services (CMS), and reimbursement to providers for services rendered under the MCO contracts, and minimize any serious disruption in agency operation, whereas, the contractor shall continue to operate with a valid contract.
- D. To avoid disruption of this essential service the District has determined it is in the best interest to enter into a Sole Source Contract with Mercer to continue providing actuarial services as defined under the original contractual agreement. All mandatory terms and conditions shall be enforced and remain the same.
- E. The District conducted a competitive procurement, which is in the evaluation process. However, due to time constraint it is not feasible to award a new contract prior to the expiration date. The sole source award ensures continuation of service while the District prepares an award for base year and four option years contract.
- F. Public Notice of OCP's intent to award a sole source contract was posted to our website for ten (10) calendar days pursuant to the requirements of OCP Policy 3000. The posting was submitted to OCP's website on September 22, 2014.
- G. Mercer has performed the required services satisfactorily since it was awarded the contract.

**5. Certification by Agency Head:**

I hereby certify that the above findings are correct and complete.

\_\_\_\_\_  
Date

\_\_\_\_\_  
Wayne Turnage,  
Director

**6. Certification by the Contracting Officer**

I have reviewed the above findings and certify that they are sufficient to justify the use of the sole source method of procurement under the cited authority. The notice on intent to award a sole source contract was posted on OCP website and no responses were received. I recommend that the Chief Procurement Officer approve the use of the sole source procurement method for this proposed contract.

\_\_\_\_\_  
Date

\_\_\_\_\_  
Kenneth Evans  
Contracting Officer

**DETERMINATION**

Based on the above findings and in accordance with the cited authority, I hereby determine that it is not feasible or practical to invoke the competitive solicitation process under D.C. Official Code § 2-354.04 Sec (a)(b)(c), DCMR 1700 and D.C. Law 18-371. Accordingly, I determine that the District is justified in using the Sole Source Method of Procurement. In addition it is determined that this method is in the best interest of the District.

\_\_\_\_\_  
Date

\_\_\_\_\_  
James D. Staton Jr.  
Chief Procurement Officer