

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

**CONTRACT NO:** CW81262  
**CAPTION:** Pharmacy Benefit Manager  
**PROPOSED CONTRACTOR:** Magellan Medicaid Administration  
**PROGRAM AGENCY:** Department of Health Care Finance (DHCF)

**FINDINGS**

**1. AUTHORIZATION:**

D.C. Official Code §2-354.04, 27 DCMR 27 Sections 1304, 1700, 1701.

**2. MINIMUM NEED:**

The Government of the District of Columbia, Office of Contracting and Procurement, on behalf of the Department of Health Care Finance (“the District”), has a need for a Contractor to serve as the District’s Pharmacy Benefits Manager (PBM). The PBM shall provide and administer a Pharmacy Benefits Management System (PBMS) which is to include a Point of Sale (POS) component, Pharmacy Benefit Programs and Pharmacy Support Services for eligible District beneficiaries.

**3. ESTIMATED REASONABLE PRICE:**

The estimated cost for this service is \$3,082,851.00. The period of performance is from October 16, 2020 through July 19, 2021.

**4. FACTS WHICH JUSTIFY SOLE SOURCE PROCUREMENT:**

The following facts justify the Sole Source Procurement:

- A. As a result of a competitive procurement Magellan Medicaid Administration (Magellan) was awarded the contract to provide pharmacy benefit services for the District’s Medicaid eligible fee-for-service recipients through the pharmacy benefit manager which includes a POS pharmacy system allowing eligible District Medicaid and Medicaid waiver beneficiaries immediate access to needed pharmaceuticals, and timely and accurate payment of prescription claims to pharmacies through the “real time” verification of beneficiaries’ eligibility, drug coverage, and reimbursement levels. Magellan processes the pharmacy benefit services using software that is proprietary to their company.
- B. Magellan’s software must be used for the contract services referenced above because Magellan designed and built the PBM system using their platform and software according to the District’s specifications. Magellan designed the software to ensure that the PBM system delivered immediate access to the District’s Medicaid recipients’ pharmaceutical needs. It delivered timely and accurate payment of prescription claims to pharmacies through the “real-time” verification of beneficiaries’ eligibility, drug coverage, and reimbursement levels,

and minimize any disruption in agency operation, whereas, the contractor shall continue to operate with a valid contract.

- C. It would be prohibitive in terms of time and cost for the District to use software other than Magellan's. To use off-the-shelf software instead of Magellan's software, the District would inherit an insurmountable cost to have a new vendor significantly modify the current software to meet the District's needs and specifications.
- 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 Magellan to continue providing pharmacy benefit services as defined under the original contractual agreement. The sole source contract of these services is proposed for a one (1) year base period, with one (1) year option period starting July 20, 2020 and ending on July 19, 2022. All mandatory terms and conditions shall be enforced and remain the same.
- E. Due to time constraints it is not feasible to conduct a competitive procurement and award a contract prior to the expiration date. The sole source award ensures continuation of service while the District prepares a solicitation for competition and award of a contract with a three year base and two option years upon Council approval.
- F. Public Notice of OCP's intent to award a sole source contract was posted to OCP's website for ten (10) calendar days pursuant to the requirements of D.C. Official Code 2-354.04. The posting was submitted to OCP's website on March July 31, 2020.
- G. Magellan 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 true, correct and complete.

\_\_\_\_\_  
Date

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

**6. CERTIFICATION BY 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. I certify that the notice of intent to award a sole source contract was published in accordance with 27 DCMR 1304. I recommend that the Chief Procurement Officer approve the use of the sole source procurement method for this proposed contract.

\_\_\_\_\_  
Date

\_\_\_\_\_  
Helena C. Barbour

Contracting Officer

**7. CERTIFICATION BY CHIEF CONTRACTING OFFICER:**

I hereby certify that the above findings are true, correct and complete to the best of my knowledge.

\_\_\_\_\_  
Date

\_\_\_\_\_  
Wil Giles  
Chief 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 either Section 402 or 403 of the District of Columbia Procurement Practices Reform Act of 2010 (D.C. Law 18-371; D.C. Official Code § 2-354.02 or 2-354.03). Accordingly, I determine that the District is justified in using the sole source method of procurement.

\_\_\_\_\_  
Date

\_\_\_\_\_  
George A. Schutter III  
Chief Procurement Officer