

DETERMINATION AND FINDINGS
FOR A
SOLE SOURCE EXTENSION OF
CONTRACT

Contract No: DCHT-2013-C-0156
Caption: Pharmacy Benefit Manager
Proposed Contractor: Xerox State Healthcare, LLC (Xerox)
Program Agency: Department of Health Care Finance

FINDINGS

1. Authorization:

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

2. Minimum Need:

The Department of Health Care Finance has a minimum need for a Contractor to provide continuing pharmacy benefit services for the District's Medicaid eligible fee-for-service recipients through the pharmacy benefit manager which include a point of sale (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.

3. Estimated Reasonable Cost:

The estimated fair and reasonable price to provide the required services during the contract extension period (February 21, 2015 through June 30, 2015) is \$1,173,834.88. The estimated price has been determined fair and reasonable based on the fact that the unit prices for the extension are the same as those paid by the District during the base period (February 21, 2014 through February 20, 2015).

4. Facts Which Justify Sole Source Extension:

A. The contract is to provide pharmacy benefit services for the District's Medicaid eligible fee-for-service recipients through the pharmacy benefit manager which include a point of sale (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.

- B. The pharmacy benefit services are necessary to ensure continuity and avoid any disruption of services for the District's Medicaid recipients 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, and minimize any serious disruption in agency operation, whereas, the contractor shall continue to operate with a valid contract. An interruption in service would be detrimental to the District's most vulnerable residents and could result in additional health problems, or possibly death.
- C. To avoid disruption of this essential service the District has determined it is in the best interest to enter into a Sole Source extension with Xerox to continue providing pharmacy benefit services as defined under the original contractual agreement. All mandatory terms and conditions shall be enforced and remain the same.
- D. The sole source extension ensures continuation of service without interruption while the District selects a new provider under competitive procurement process, awards a base year and four option years contract upon Council approval, and allows for a transitional period to avoid an interruption in service.
- E. In consideration of the District's minimum need, Xerox is the only contractor with the expertise, infrastructure, and capacity to provide the required services. Soliciting a new contractor at this time will require a huge learning curve of the pharmacy benefit system.
- F. Public Notice of OCP's intent to award a sole source contract will be posted on our website for ten (10) calendar days from November 20, 2014 to December 3, 2014 pursuant to the requirements of OCP Policy 3000.
- G. Xerox has performed the required services satisfactorily since it was awarded the contract.
- H. A market survey was deemed unnecessary in light of the circumstances surrounding this procurement.

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