

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

CONTRACT NO: DCHT-2012-C-0019

CAPTION: Upper Payment Limits Analysis

PROPOSED CONTRACTOR: Health Management Associates

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 District of Columbia (District), Department of Health Care Finance (DHCF) is seeking the services of a qualified Contractor to conduct an analysis, make recommendations and provide documentary support, to ensure proposed payments to hospitals are compliant with the Center for Medicare and Medicaid (CMS) Upper Payment Limit (UPL) regulations.

3. ESTIMATED REASONABLE PRICE:

The estimated fair and reasonable price to provide the required services for a Period of Performance of One Year from Date of Award is \$25,000. The price has been determined fair and reasonable based on the following comparison of prices received in response to a request for quotation and market research.

4. FACTS WHICH JUSTIFY SOLE SOURCE PROCUREMENT:

DHCF has an urgent need to complete an Upper Payment Limit (UPL) computation, in order to implement the new Hospital in-patient reimbursement rate by October 1, 2012.

As the single state agency responsible for the administration of Medicaid, federal regulations require that the agency develops reimbursement rates that are consistent with efficiency, economy, and quality of care sufficient to enlist enough providers. To ensure compliance with these standards, federal regulations impose a ceiling on the allowed reimbursement rate i.e. the Upper Payment Limit (UPL). The UPL is an estimate of the maximum amount that would be paid for Medicaid services under Medicare payment principles.

Computing the UPL is extremely complicated with significant financial implications. The calculations involve selecting an appropriate methodology and performing complex data analysis. On one hand, utilizing an improper or inaccurate data could result in disallowance of the District's payment rates by CMS. On the hand, material errors in the computation could result in lower reimbursement rates that are inimical to enlisting an adequate amount of providers.

Health Management Associates (HMA) is a consulting firm dealing with Medicaid policy and healthcare financial management. HMA offers an unparalleled level of expertise and experience working on state Medicaid reimbursement and financing, including upper payment limit (UPL), disproportionate share hospital (DSH) payment policy, health care related taxes, provider related donations, intergovernmental transfers (IGT), certified public expenditures (CPE), and managed care expansion strategies.

The urgency of completing this UPL computation cannot be overemphasized. Without the UPL computation the agency would be in violation of federal regulations. Furthermore, it would be negatively impact the District if we were in violation of federal regulations and due to the time sensitive nature and complexity of this work it is in the best interests of the District to enter into a Sole Source contract with HMA.

5. CERTIFICATION BY AGENCY DIRECTOR

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

Date

Wayne Turnage, Director
Department of Health Care Finance

6. CERTIFICATION FINDINGS AND DETERMINATION BY THE CONTRACTING OFFICER

Based on the findings, I hereby determine Health Management Associates, shall be responsible and capable of satisfactorily completing an Upper Payment Limit (UPL) computation under the Proposed Sole Source Contract. It is further determine that the approval shall be in the best interest of the District and that the cost is fair and reasonable.

I recommend that the Office of Contracting and Procurement (OCP) Chief Procurement Officer approve the use of the Sole Source Procurement method for this Proposed Sole Source Contract. 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 Section 404(c) of the District of Columbia Procurement Practices Reform Act of 2010 (D.C. Official Code §2-354.04) and that no response was received. I recommend that the Chief Procurement Officer approve the use of the sole source procurement method for this proposed contract.

Date

Jacquelyn Alpert
Contracting Officer
Department of Health Care Finance

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 404 of the District of Columbia Procurement Practices Reform Act of 2010 (D.C. Law 18-371; D.C. Official Code § 2-354.04 Sec 404 (a)(b)(c) DCMR 1700, D.C. Law 18-371;). Accordingly, I determine that the District is justified in contracting with the Sole Source Method Of Procurement.

Date

James D. Staton, Jr.
Chief Procurement Officer
Office of Contracting and Procurement