

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

<b>CONTRACT NO: DCHT-2012-R-0020</b>
<b>CAPTION: Third Party Liability Recovery</b>
<b>PROPOSED CONTRACTOR: Health Management Systems</b>
<b>PROGRAM AGENCY: Health Care Operations Administration</b>
<b>AUTHORIZATION: D.C. Official Code §2-354.04, 27 DCMR 1304 and 1700</b>

**1. MINIMUM NEED:**

The District of Columbia’s Department of Health Care Finance has a need for a third party liability recovery vendor. This vendor shall be required to conduct monthly data matches of the District of Columbia Medicaid eligibility file against multiple Commercial and Tricare insurance eligibility files. The purpose of these matches is to identify Medicaid beneficiaries who also have Commercial or Tricare coverage, of which DHCF was previously unaware. The vendor shall also be required to compile all Medicaid beneficiaries who also have Third Party insurance coverage, and scan the Medicaid Paid Claims File for claims which fell during their dual eligible period and have not been previously billed. The vendor shall bill these claims to the respective Third Party with instructions to reimburse Medicaid, and process the recoveries back to the District.

Period of Performance shall be Date of Award through September 30, 2013.

**2. ESTIMATED REASONABLE PRICE: \$968,019.00**

The estimated fair and reasonable price to provide the required services shall be for the Period of Performance from Date of Award through September 30, 2013 in the amount of approximately \$968,019.00 and is based on the previous contract rates that the vendor negotiated with the District in 2009. These rates reflect the vendor’s General Service Administration rates offered to all government clients. The GSA sets standards and monitors government pricing in GSA contracts to prevent antitrust and therefore the pricing offered is deemed fair and reasonable.

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

HMS was awarded a competitive Task Order against their GSA Contract in 2009 with a Base Year and Four Option Years. The pricing was negotiated based on their GSA schedule by the then current Contracting Officer. The vendor and District operated under the current year

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**Third Party Liability Recovery – Sole Source D&F**

and it was noted that the CO signed the Option Year 2 document but the Agency cannot locate the signed copy. The services provided via this contract both prevent District monies from being unnecessarily and erroneously spent and generate revenue for the District. The cost avoidance project identifies Medicaid beneficiaries who have overlapping Third Party coverage which the District was unaware of. These records are uploaded into Medicaid’s electronic payment database and utilized to flag claims which should be first billed to the liable Third Party. The direct billing project bills Medicaid paid claims to the liable Third Party carriers, with 90% of the monies recovered directly realized by the District.

Although there are multiple entities capable of performing the work required in this contract, none are in a position to assume these responsibilities as the current vendor is the only vendor able to continue these services seamlessly in the best interests of the District. Moreover, the Centers for Medicaid and Medicare allows for all State Medicaid agencies to utilize a Contractor both to identify previously unknown Third Party Liability coverage of its beneficiaries for cost avoidance purposes, as well as to pursue recoveries of Medicaid paid claims where a Third Party was liable. Therefore, in the best interests of the District and to avoid any disruption in Agency services and to ensure no break in a service that generates revenue for the District, the District is seeking to Award a Sole Source Contract to Health Management Systems, Inc. (HMS).

**4. CERTIFICATION BY AGENCY HEAD**

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

\_\_\_\_\_  
Date

\_\_\_\_\_  
Wayne Turnage  
Director, Department of Health Care Finance

**5. 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 available 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

\_\_\_\_\_  
O’Linda Fuller, MBA, CASA  
Contracting Officer  
Office of Contracting and Procurement

**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

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