

**Department of Management and Budget
Acquisition Services**

**Report of Proposed Changes in Excess of \$500,000
To Current Contracts for Computer Software Development,
Hardware Acquisition, or Quality Assurance**

Sec.710 of Public Act 327 of 2004

(August 2, 2005)

Questions regarding this report may be directed to Tony DesChenes, 517-373-9417

August 2, 2005

**BID TABULATION AND RECOMMENDATION FOR AWARD
DEPARTMENT OF MANAGEMENT AND BUDGET
ACQUISITION SERVICES**

CONTRACT DESCRIPTION: 071B4200303 - External Quality Review Services for the Medicaid Program - Department of Community Health

CONTRACT PERIOD -

BASE YEAR (S): 06/01/04 through 09/30/05 (1 year, 4 months)

- **OPTION 1** 10/01/05 through 09/30/06 (1 year)

- **OPTION 2** NA

- **OPTION 3** NA

CONTRACTOR:
Health Services Advisory Group, Phoenix, AZ

INCREASE
\$1,139,869.00

- Check if a Michigan-based Business

- Check if AS1 received by Acquisition Services and reviewed by DMB

- Check if request is to extend contract (no option in base contract) - Time period of extension: NA

- Check if extension request is beyond option year(s) - Time period of extension:

FUNDING SOURCE: 75% Federal, 25% General

PURCHASE JUSTIFICATION:

Description of Product Service Requested: This contract is to conduct a plan specific external quality review of the quality care and the access to services provided to Medicaid beneficiaries by each of the Medicaid health plans. These services are required per the 42-CFR483.204 as part of the review and performance improvement project for each health plan to be validated and conduct a focused study. This amendment is to complete the 2005 Medicaid HEDIS Analysis. Michigan Department of Community Health, Medical Services Administration wishes to exercise the first one year renewal option of this contract in order to continue these services.

Purpose/Business Case of New Contract, Amendment, or Extension and Expected Outcomes: Department of Community Health must contract with an External Quality Review Organization (EQRO) for the analysis and evaluation of the aggregated information provided from all the Quality Assessment and Improvement activities and the production of the results of that review. The EQR must be conducted annually and must include a health plan specific, detailed assessment of the strengths and weaknesses with respect to quality,

timeliness, and access to health care services for each contracted Medical Health Plan. This extension will ensure that quality Medicaid care is provided to Medicaid beneficiaries enrolled in the State of Michigan health plans.

Commitment: Fixed price for services subject to appropriations.

Risk Assessment: The Social Security Act, section 1932(c) requires that state agencies, contracting with Medicaid Managed Care Organizations, provide for an annual external, independent review of the quality outcomes, timeliness of, and access to the services. The Balanced Budget Act (BBA) of 1997 requires state agencies contracting with MCOs to provide for an annual external, independent review, for each contracting health plan, of aggregate information on the quality outcomes, timeliness of, and access to the services. DCH would be in violation if this were not approved.

Cost Reduction Consideration:

A. Negotiated Savings: 1% savings for prompt payment

B. Cost Avoidance:

C. Total Savings:

PRICE CLAUSE: Prices to remain firm for the duration of the contract.

CS-138: NJ

ORIGINAL CONTRACT AMOUNT: \$822,031.00

CURRENT CONTRACT AMOUNT: \$822,031.00

PROPOSED AMENDMENT INCREASE AMOUNT: \$1,139,869.00

PERCENTAGE OF CHANGE BETWEEN AMENDMENT AND ORIGINAL CONTRACT AMOUNT: 136%

PERCENTAGE OF CHANGE BETWEEN AMENDMENT AND CURRENT CONTRACT AMOUNT: 136%

ESTIMATED 05 FISCAL YEAR INCREASE: \$1,139,869.00

NEW TOTAL CONTRACT COST: \$1,961,900.00

Check if > \$500,000 for software development, computer hardware acquisition or quality assurance?

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INFORMATION BELOW THIS LINE FOR INTERNAL USE ONLY

Buyer Signature

Manager Signature

Division Director Signature

Acquisition Services Director Signature