

DEPARTMENT OF MENTAL HEALTH AND ADDICTION SERVICES

PLAN FOR COMPETITIVE PROCUREMENT OF HUMAN SERVICES

June 19, 2008

I. INTRODUCTION

In March, 2007 the Department of Mental Health and Addiction Services (DMHAS) submitted to the Office of Policy and Management (OPM) a broad plan for the competitive re-procurement of existing services. That plan projected that the first set of Requests for Proposals (RFPs) for existing services would be issued during SFY2008. Implementation of that re-procurement plan was delayed due to a number of factors including the passage of P.A. 07-195, *An Act Concerning the State Purchase of Service Contracts for Health and Human Services*, which required OPM to submit a report on competitive procurement to the legislature by February, 2008. That report, *Principles and Procedures for the Competitive Procurement of Human Services – February 1, 2008*, calls for State human service agencies to complete and submit procurement plans to OPM for review and approval. This document constitutes DMHAS' plan for such procurements.

II. PURPOSE OF THE PLAN

This plan describes the approach DMHAS will take over the next three to five years for the procurement of human services. The plan is designed to meet operational requirements and be in accordance with existing legislation (including P.A. 07-195), regulations and policies. It moves DMHAS to a more open and transparent competitive procurement system.

It should be noted that the plan itself is dynamic and will be refined as experience dictates. While the basic approach, principles and processes have been laid out in the plan, specifics as to the timing, sequencing and definition of services to be competitively procured or waived may be modified and adjusted as the plan unfolds.

III. CURRENT ORGANIZATION STRUCTURE AND PROCUREMENT CONTRACTING PRACTICES

DMHAS currently has approximately 200 Human Service POS contracts with some 160 different private not-for-profit contractors. These contracts fund over 140 different types of community-based mental health and addiction services throughout the state. The services funded through these contracts comprise the network of treatment, rehabilitation and prevention programs for the DMHAS target population. DMHAS currently uses a “master” contract format in which anywhere from one to twenty different, separately funded programs are contained in one consolidated contract. Historically these contracts have been renewed annually, provided the contractors were meeting contractual obligations related to client service levels, performance outcomes and fiscal and programmatic reporting requirements. No on-going competitive procurement process for these contracts has been used. DMHAS has issued numerous Requests for Proposals (RFPs) over the last five years related to new funding made available to the Department. Few existing resources have been re-bid over the last ten years.

This plan thus constitutes a significant change in the DMHAS contract procurement process. Rather than renewing Human Service POS contracts, the Department is instituting a process to re-bid these existing resources through an open, competitive procurement mechanism. The end goal of this process is to re-procure all POS contracts by SFY 2013, except for some specific services which DMHAS will seek to have waived from competitive procurement.

In order to effect this change to the Department’s procurement methods, DMHAS established a Competitive Procurement Steering Group that has the primary responsibility for all aspects of the re-bidding process, including managing a master re-bidding project plan, ensuring a consistent strategic vision across all re-bidding activities and developing a schedule to sequence the release of RFPs to ensure the maintenance of client care stability. Over the past year, this group has accomplished a number of important tasks:

- Development of a master re-bid project plan
- Review and analysis of all DMHAS-funded service types / levels of care and recommendations for re-bid or waiver
- Development of a standardized RFP format
- Development of a standardized step-by-step internal RFP process which is consistent with OPM guidelines
- Establishment of a workgroup for each re-bid area of focus tasked with development of specific RFP content
- Recommend organizational changes and resource needs within DMHAS to implement this change in procurement methods
- Provide on-going communication with DMHAS executive leadership to ensure consistency with the Department’s overall strategic planning

IV. PLAN APPROACH AND PROCESS

Key Principles

As stated, the goal of this plan is a more open and competitive procurement process. The approach taken has been not to re-bid for re-bidding sake but to utilize the opportunities afforded by the re-bidding process to move both contracted, non-profit and state-operated services toward a more value-driven, quality focused and recovery-oriented system of behavioral healthcare. More than a change in procurement practices, the approach reflects a strategic planning focus to move toward a high quality service system that is person-centered, promotes hope, improves health and is anchored to a recovery-oriented foundation. The plan is guided by the following principles:

- maintenance of continuity of care for the vulnerable populations DMHAS serves to ensure that disruptions to services are minimized as programs are re-bid and new awards made
- stimulation of quality, innovation, current best practices and efficiency in service delivery
- use of clearly defined measurable outcomes and quality/performance measures
- a re-bidding schedule based upon a strategic approach that considers client needs, a recovery focus, barriers and best timing
- coordination of procurement activities with other State human service agencies as needed

Procurement Best Practices

In addition, the procurement process reflects best practices in the public sector which include the following principles:

- **Openness** – Current providers will be notified at least 90 days in advance when one of their funded services will be re-bid. RFPs will be posted on the DAS and DMHAS websites and advertised as required.
- **Transparency** - RFPs will clearly state the criteria by which proposals will be evaluated as well as the weighting of the criterion. Results of the RFP process will be posted on the DAS website.
- **Fairness** - Private providers who participate in the development of an RFP for new or existing treatment models or service delivery systems will not be allowed to compete for a contract to provide those services. Members of DMHAS evaluation teams will be required to sign a *Conflict of interest* form in which they are obligated to disclose any potential conflict of interest related to an RFP respondent.
- **Competition** - All eligible providers will have equal opportunity to compete for DMHAS contracts. No RFP requirements will specify any features that unnecessarily discriminate, either directly or indirectly, against current or potential providers
- **Standardization** - a standardized RFP process will be implemented. It includes use of a standardized RFP template, uniform submission requirements including a minimum 7 weeks between release of the RFP and the proposal due date, standardized proposal review and scoring procedures and compliance with OPM RFP guidelines.

Timeframe of Plan

The DMHAS procurement plan is proposed to begin during the summer of 2008 with the release of the initial re-bid RFPs. Additional RFPs will be released in succeeding years. The end goal of this process is to re-procure all POS contracts by SFY 2013, except for some specific services which DMHAS will seek to have waived from competitive procurement. See attached Exhibit 1 for the projected detailed schedule. Any future changes to this schedule will be submitted to OPM as revisions to the plan.

The communication protocol with providers regarding the re-procurement schedule will include quarterly meetings with the two major trade associations, the Connecticut Community Provider Association (CCPA) and the Connecticut Association of Non-profits (CAN). In addition, current providers will be notified in writing at least 90 days in advance when one of their funded services will be re-bid. RFPs will be posted on the DAS and DMHAS websites and advertised as required.

Structure of Plan

The re-bid plan is organized on a service type or level of care basis. The schedule will identify the point in time when all existing funding for a particular level of care (e.g. outpatient treatment, vocational services, etc.) will be re-bid. Within a level of care, final funding decisions may also take into account geographical factors in order to ensure that there will be adequate access to services for clients throughout the state.

Waivers from Competitive Procurement

There will be some specific levels of care for which DMHAS will request a waiver from competitive bidding. The following factors are being considered in those determinations:

- the contracts are for essential, core life services for vulnerable clients;
- there are zoning or siting implications that make service location or relocation problematic;
- the program/level of care requires state licensure and is highly regulated and inspected;
- the Department has invested a significant amount of State Bond Funds in real estate or physical plant for the level of care;
- the Department is contracting with municipalities or other governmental entities.

See attached Exhibit 2 for a list of levels of care for which waivers will be requested and the rationale for each.

Multiyear Contracting

Following the final funding award decisions for a particular RFP, the Department will put in place multiyear contracts with the selected providers. Specifically, DMHAS will execute three to five year contracts for provision of that level of care.

V. FACTORS CONSIDERED FOR RE-PROCUREMENT

As part of its planning for competitive procurements, the Department developed a “litmus test” of additional factors to be considered in the re-procurement process. These include:

- Are there zoning or siting implications for the re-bidding of this level of care that make service location or relocation problematic?
- Are there Department of Public Health licensing or Certificate of Need (CON) Waiver implications for the re-bidding of this level of care that could be problematic?
- Are there significant amounts of state bond funds in real estate or physical plant for a program related to the re-bidding of this level of care?
- How does re-bidding this level of care affect other multiple funding sources within DMHAS (e.g. Substance Abuse and Prevention Block Grant , Community Mental Health Services Block grant, etc.) and/or other non-DMHAS funding garnered by providers (e.g. United Way, town allocations, etc.)?
- Are there implications for other state agencies that may also provide funding for this level of care?
- What is the total amount of funds associated with the re-bidding of this level of care?
- What is the total number of current providers affected by re-bidding of this level of care?
- Is operational implementation of re-bid services feasible?

Each level of care under consideration for competitive procurement is analyzed based on these factors. The analysis is taken into account in the decision of when and how to re-bid the service as well as to whether a waiver from competitive procurement should be requested from OPM.

VI. OVERSIGHT

Operational oversight of DMHAS procurement activities will be provided by the Competitive Procurement Steering Group described in Section III above. The group will monitor the progress of the Master Re-bid Project Plan and will report directly to executive leadership of the Department. Specifically the group will:

- Refine and adjust the Master Re-bid Project plan as needed
- Review draft RFPs
- Make recommendations to Department leadership regarding timing and sequencing of release of RFPs for each level of care
- Make recommendations to Department leadership regarding possible requests for waiver from competitive procurement
- Review and modify the Department’s procurement processes and procedures as needed

- Provide on-going communication with DMHAS executive leadership to ensure consistency with the Department's overall strategic planning

This oversight group will focus on all competitive procurement for the Department, whether it involves new first-time funding or the re-bid of existing resources. This will ensure that regardless of the type of procurement the same standardized processes, procedures, internal levels of review and consistency with overall Department strategic planning will be followed.

The Department's Business Administration Unit will be responsible for the operational activities related to the procurement process for human services.

VII. ADDITIONAL CONSIDERATIONS

This shift to competitive procurement is complicated by the Department's current contract format involving consolidated or "master" contracts as described in Section III above. The re-bidding of one particular type of service or level of care as proposed in this plan does not mean merely re-bidding a certain number of existing contracts but rather a certain number of programs imbedded within larger contracts. Thus each year as the re-bidding of various levels of care takes place, DMHAS plans to remove those programs from existing consolidated contracts. The rebid program will be lodged in a separate multiyear contract which will contain only one level of care. This change in contract process will necessitate extending existing consolidated contracts until such time as all programs within them have been either re-bid or granted a waiver and replaced by multi-year single program contracts. OPM approvals for three extension amendments will be crucial to the success of our overall plan.

VIII. IMPLEMENTATION

The Department stands ready to implement this competitive re-procurement plan following approval by OPM. The Competitive Procurement Steering Group is meeting weekly to refine the details of the sequencing of RFPs for each level of care. Work on the initial set of RFPs is nearly complete. Operational procedures and documentation are being finalized. Staffing enhancements are being pursued to assure that an adequate administrative infrastructure will be in place to operationalize the plan and effect these changes to current DMHAS procurement business practices.

EXHIBIT 1
PROJECTED REPROCUREMENT TIMETABLE

SERVICE TYPE / LEVEL OF CARE	LAST RFP DATE	ESTIMATED TOTAL ANNUAL FUNDING	APPROX. NUMBER OF CURRENT CONTRACTORS	PROJECTED RFP RELEASE DATE
Pretrial Drug/Alcohol Education	SFY 2005	\$3,240,000	11	SFY 2009 1 ST Quarter
Education and Training Services	Unknown	\$285,500	1	SFY 2009 1 ST Quarter
Mental Health Vocational / Employment	Unknown	\$11,000,000	32	SFY 2009 1 ST Quarter
Ambulatory Detox Services	Unknown	\$750,000	3	SFY 2009 1 ST Quarter
Prevention Training & TA	Unknown	\$1,437,456	5	SFY 2009 2nd Quarter
Mobile Crisis Services	Unknown	\$6,808,199	13	SFY 2009 2nd Quarter
Crisis Respite	Unknown	\$779,435	1	SFY 2009 2nd Quarter
Acute Psychiatric Inpatient	Unknown	\$3,265,213	12	SFY 2009 2nd Quarter
Methadone Maintenance	Unknown	\$4,640,929	6	SFY 2009 2nd Quarter
Outreach and Engagement Teams	Unknown	\$1,001,811	15	SFY 2010 1 ST Quarter
Substance Abuse Case Management	Unknown	\$5,505,944	18	SFY 2010 1 ST Quarter
Mental Health Case Management	Unknown	\$17,791,716	29	SFY 2010 1 ST Quarter
Mental Health Supervised Housing	Unknown	\$22,294,044	26	SFY 2010 1 ST Quarter
Mental Health Supported Housing	Unknown	\$17,495,748	28	SFY 2010 1 ST Quarter
Substance Abuse Outpatient	Unknown	\$11,501,776	32	SFY 2010 2nd Quarter
Mental Health Outpatient	Unknown	\$23,349,664	30	SFY 2010 2nd Quarter
Intensive Outpatient	Unknown	\$1,547,695	11	SFY 2010 2nd Quarter
Partial Hospitalization	Unknown	\$968,861	4	SFY 2010 2nd Quarter
Prevention Science-based Programs	Unknown	\$2,041,946	13	SFY 2011 1 ST Quarter
Compulsive Gambling Outpatient	Unknown	\$912,700	5	SFY 2011 1 ST Quarter
Social Rehabilitation	Unknown	\$12,955,827	25	SFY 2011 1 ST Quarter
Peer Services	Unknown	\$1,042,845	5	SFY 2011 1 ST Quarter
Jail Diversion Services	Unknown	\$2,034,975	8	SFY 2011 2nd Quarter
Advocacy and Education Services	Unknown	\$692,987	3	SFY 2011 2nd Quarter

EXHIBIT 2
LEVELS OF CARE REQUESTING WAIVERS

SERVICE TYPE / LEVEL OF CARE	LAST RFP DATE	ESTIMATED TOTAL ANNUAL FUNDING	APPROX. NO. OF CURRENT CONTRACTORS	RATIONALE FOR WAIVER
Mental Health Group Homes	Unknown	\$10,387,986	16	- Siting/zoning issues - Licensed/regulated by DPH - High Bond Fund investment
Supportive Housing Services (permanent housing for homeless individuals)	SFY2008	\$8,323,326	26	- Joint RFPs with DSS
Recovery Houses	SFY 2007	\$2,297,798	6	- Siting/zoning issues
ABI / TBI Community Residences	SFY 2003	\$3,802,408	3	- Siting/zoning issues - High Bond Fund investment
Medically Managed Detox	Unknown	\$260,350	1	- Siting/zoning issues - Licensed/regulated by DPH
Medically Monitored Detox	Unknown	\$3,546,926	5	- Siting/zoning issues - Licensed/regulated by DPH - High Bond Fund investment
Substance Abuse Intensive Residential	Unknown	\$1,341,457	9	- Siting/zoning issues - Licensed/regulated by DPH - High Bond Fund investment
Substance Abuse Intermediate / Long Term Residential	Unknown	\$14,472,972	17	- Siting/zoning issues - Licensed/regulated by DPH - High Bond Fund investment
Substance Abuse Long Term Care Residential	Unknown	\$996,966	2	- Siting/zoning issues - Licensed/regulated by DPH - High Bond Fund investment
Substance Abuse Transitional / Halfway Houses	Unknown	\$558,588	5	- Siting/zoning issues - Licensed/regulated by DPH - High Bond Fund investment
Specialized Young Adult Residential	SFY2007	\$3,193,293	2	- Siting/zoning issues
Regional Action Councils (RACS)	Unknown	\$1,689,230	14	Regional Action Councils are legislatively mandated
Governor's Prevention Partnership	Never	\$501,000	1	Funding for this provider is legislatively mandated