

**Supplement B**  
**Department Of Budget And Management**  
**ACTION AGENDA**  
**December 7, 2016**



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**SUPPLEMENTAL**

**17-S. MARYLAND DEPARTMENT OF VETERANS AFFAIRS**

*Charlotte Hall Veterans Home  
Services Contract*

**Contract ID:** Management Services for the Charlotte Hall Veterans Home; MDVA-CHVH-15-01; ADPICS # D55B7400004

**Contract Description:** Provide a broad range of quality long-term health care and assisted living services to the residents of the Charlotte Hall Veterans Home.

**Award:** HMR of Maryland, LLC (HMR)  
Anderson, SC (Local Office in Charlotte Hall, MD)

**Term:** 1/1/2017 – 12/31/2020 (w/2 two-year renewal options)

**Amount:** \$170,864,900 (4 Years, Base)  
\$ 85,432,450 (2 Years, Renewal Option #1)  
\$ 85,432,450 (2 Years, Renewal Option #2)  
\$341,729,800 Total (8 Years)

**Procurement Method:** Competitive Sealed Proposals

**Proposals:**

<b>Offeror</b>	<b>Technical Ranking</b>	<b>Financial Offer/Ranking</b>	<b>Overall Ranking</b>
HMR of Maryland, LLC Anderson, SC (Local Office in Charlotte Hall, MD)	3	\$341,729,800 (1)	1
Charlotte Hall Nursing, LLC Timonium, MD	2	\$347,831,800 (2)	2
Maryland Health Innovations, LLC Ellicott City, MD	1	\$381,876,072 (3)	3

*Note: Technical factors had greater weight than financial factors in the overall award determination.*

**MBE Participation:** 3.59% (See Requesting Agency Remarks)

**Performance Security:** Performance Bond - \$4,000,000

**Incumbent:** Same

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***Requesting Agency Remarks:*** A notice of the availability of the Request for Proposals (RFP) was advertised on *eMaryland Marketplace*. Copies of the solicitation notice were sent directly to 15 prospective vendors, six of which are Maryland firms, and included no MBEs. A copy was also sent to the Governor's Office of Minority Affairs.

Four proposals were received in response to the RFP; however, one proposal was determined to be not reasonably susceptible for award and removed from further consideration. HMR of Maryland, LLC (HMR) was ranked overall #1 with the lowest financial offer and lowest ranked technical offer. The #1 ranked technical offer was highest in price (over \$40M or 12%). In an effort to achieve the most advantageous price for the State, three separate BAFOs were issued to encourage the offerors to submit a lower price. Even though technical factors were given greater weight than financial factors in the overall award determination, the technical differences between the three offerors were not substantial enough to recommend award to either of the higher priced offerors that were ranked #1 and #2 technically. Therefore; award is recommended to HMR as having the most advantageous offer for the State.

The financial proposals were based upon a model contained in the RFP to allow for proper comparisons among offerors that included fixed prices.

DVA's Charlotte Hall Veterans Home (Home) was established for the purpose of operating and managing a home for veterans of the State of Maryland. The Home is located at Charlotte Hall, St. Mary's County, Maryland and is now licensed for 168 assisted living beds and 286 comprehensive care (nursing home) beds for a total of 454 beds. The Home is open to honorably discharged Maryland veterans, and their non-veteran spouses, who have served in the armed forces of the United States, and are of retirement age or are unable to work due to a disability recognized by the Veterans Administration or the Social Security Administration.

This contract will provide for the operation and management of the Home. Services will be provided in seven functional areas: (1) administration/management/human resources; (2) nursing/resident care; (3) dietary services, housekeeping, and laundry; (4) facility maintenance, plant operations, safety and security; (5) social and behavioral health services; (6) transportation, fleet services, appointments & scheduling; and (7) ancillary and additional contracted services. This contract also provides enhanced services and additional staffing to ensure the well-being of our Maryland veterans.

On September 13, 2016, Charlotte Hall Nursing, LLC filed a protest against the award to HMR, the incumbent. A second protest was filed by Charlotte Hall Nursing, LLC on September 14, 2016. Maryland Department of Veterans Affairs denied both protests on October 25, 2016. On November 2, 2016, Charlotte Hall Nursing, LLC filed an appeal with the Maryland State Board of Contract Appeals. A supplemental protest was received on November 23, 2016. It is anticipated that this protest will be withdrawn or denied prior to the BPW meeting.

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The Department is requesting that the Board of Public Works (BPW) approve the contract award notwithstanding appeal in order to protect substantial State interests. The substantial State interests involved are:

- Ensuring that the vulnerable population of aged and disabled veterans (and non-veteran spouses) needing nursing home or assisted living care services are received to maintain their health, well-being and sense of security;
- Staffing will increase to include three key nursing positions to support management and admissions: an Assisted Living Delegating Nursing, a second Assistant Director of Nursing and an Admissions Liaison Nurse;
- A new financial model that provides a bed lease component to ensure a predictable budget for Charlotte Hall Veterans Home and eliminates the financial impact of denied government payments (Federal VA per diem, Medicare, Medicare); and,
- An annual savings of over \$500K compared to the current contract that amounts to over \$4M over the life of the new potentially eight-year contract.

By approving this item, per COMAR 21.10.02.11.A, the Board of Public Works will be deemed to specifically find that execution of the contract without delay is necessary to protect substantial State interests and it will specifically be doing so notwithstanding the fact that Charlotte Hall Nursing, LLC has appealed the denial of its protest about not being awarded the new contract.

A 2% MBE participation goal was established for this contract; however, HMR has committed to 3.59%. A 4% VSBE participation goal was established for this contract; however, HMR has committed to 4.04%.

***Fund Source:*** 39% Non-Budgeted (Medicaid, Medicare); 34% Federal; 18% Non-Budgeted (Resident Payments); 9% General

***Appropriation Code:*** D55P00

***Resident Business:*** Yes

***MD Tax Clearance:*** 16-3182-1111

This Item was withdrawn as Item 1-S from the 11/16/2016 Agenda.

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**BOARD OF PUBLIC WORKS ACTION – THIS ITEM WAS:**

**APPROVED**

**DISAPPROVED**

**DEFERRED**

**WITHDRAWN**

**WITH DISCUSSION**

**WITHOUT DISCUSSION**