

Supplement B
Department of Budget and Management
ACTION AGENDA
August 16, 2017

Supplemental



DBM 22B

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10-S. MARYLAND DEPARTMENT OF HEALTH
Medical Care Programs – Office of Finance
Services Contract

Contract ID: Medicaid Agreed Upon Procedures Related to Accounting and Consulting Services for Managed Care Organizations (MCOs) Continuation of Services; DHMH/OPASS 18-17210; ADPICS # M00B8400303

Contract Description: Continue to perform Medicaid agreed upon procedures related to accounting and consulting services for Managed Care Organizations (MCOs), as well as Disproportionate Share Hospitals (DSHs). This includes performing independent annual audits of these facilities. This contract is federally mandated to assist the State to stay in compliance with State and federal regulations. It also ensures that rates are set based off the data gathered for timely and accurate reimbursement of funds to Providers.

Award: Myers and Stauffer LC
Leawood, KS
(Local office in Owings Mills, MD)

Term: 9/7/2017 (or earlier upon BPW approval) - 9/30/2018

Amount: \$580,150 (1 Year)

Procurement Method: Sole Source

Proposals: N/A

MBE Participation: 25%

Performance Security: None

Incumbent: Same

Requesting Agency Remarks: Request for approval of a situational sole source contract to continue existing services with the incumbent contractor while the Department pursues a new procurement to award a new contract after conducting two failed competitive procurements that resulted in only one proposal being reasonably susceptible of being selected for award. Both previous competitive sealed proposals procurements were cancelled in the best interest of the State. This situational sole source contract is needed in order to obtain audits needed for required federally reporting due in September 2017, as explained below.

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10-S. MARYLAND DEPARTMENT OF HEALTH (cont'd)

With respect to this procurement for federally mandated Medicaid audit process for Managed Care Organizations (MCOs) and Disproportionate Share Hospitals (DSH), Myers & Stauffer LC is an extremely well-qualified firm which is dominant in the highly specialized field of health care finance auditing. Myers & Stauffer LC has served Medicaid agencies in 49 states, including providing these services to MDH for at least the past eight years. Myers & Stauffer LC has been in business for 40 years working with local, state and federal health care programs. More than 30 of those years have been spent working with Maryland health care agencies. Myers & Stauffer LC was awarded similar contracts in Maryland on two prior occasions.

Included in this contract is an independent audit of DSH payments that must be conducted each year. These audits are required under a change to Code of Federal Regulations (CFR) 42, Part 447 and 455 effective 1/19/2009, for hospitals that qualified for payments under Maryland's DSH requirement. A draft report is due to the Medical Assistance Program by September 30th of the Audit Year and a final report is due to the Centers for Medicare & Medicaid Services (CMS) by December 30th of the audit year. In CY2014, Myers & Stauffer LC, as the State's auditor, calculated DSH in the amount of \$162 million, with Maryland eligible for 50% cost reimbursement from the federal government. In other words, failure to have these services in force may be expected to cost the State in excess of \$80 million annually in addition to the considerable cost that could be incurred by failure to audit MCO expenditures.

The principal component of the audit work to be performed under this contract is the review of Maryland MCO expenditures, which are used in rate-setting as required by federal law. That expenditure recently totaled \$5.6 billion in the last year for which the audit figures are available. Actuaries include the results of the audit in their certification to CMS that the rates are actuarially sound. Without such certification, the capitation rates paid to MCOs are at risk of non-reimbursement by the federal government, which could cost the Maryland State Treasury losses of approximately \$1.9 billion annually, so the total amount placed at risk in the absence of these auditing services is about \$2 billion.

Myers and Stauffer LC will provide ongoing professional auditing; analysis; data management; cost report verification; rate setting; and consulting services to the State. The contractor will use the processes that are already established for performing the audits for MCOs and DSH to complete the same tasks under the new contract and update the processes as necessary. It will conduct the audits and provide the Department with timely and accurate information for use in rate setting, settlement calculation and various program administration initiatives.

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10-S. MARYLAND DEPARTMENT OF HEALTH (cont'd)

A 1% VSBE participation goal was established for this contract based upon the limited number of subcontractors available to perform these services.

Fund Source: 50% General; 50% Federal

Appropriation Code: 32.17.01.03

Resident Business: Yes

MD Tax Clearance: 17-1799-0111

BOARD OF PUBLIC WORKS ACTION – THIS ITEM WAS:

APPROVED

DISAPPROVED

DEFERRED

WITHDRAWN

WITH DISCUSSION

WITHOUT DISCUSSION

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*Contact: Brian Prendergast 410-841-5870
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11-S. MARYLAND DEPARTMENT OF AGRICULTURE
Mosquito Control Program
Services Contract

Contract ID: Maryland Department of Agriculture (MDA) Application of Insecticide to Control Non-Biting Midges; ADPICS # L00B8400002

Contract Description: Aquatically apply insecticide to control non-biting midges.

Award: Scientific Plant Service, Inc.
 Brooklandville, MD

Term: 9/7/2017 (or earlier upon BPW approval) – 6/30/2018

Amount: \$352,800 (10 Months)

Procurement Method: Competitive Sealed Bidding

Bids:

Bidders	Bids
Scientific Plant Service, Inc. Brooklandville, MD	\$352,800 (\$235.20 per acre)
RJO Services, LLC Severna Park, MD	\$403,365 (\$268.91 per acre)
Unified Solutions Services LLC Columbia, MD	\$427,500 (\$285.00 per acre)

MBE Participation: None (Single Element of Work)

Performance Security: None

Incumbent: None

Requesting Agency Remarks: A notice of the availability of the Invitation for Bids (IFB) was advertised on *eMaryland Marketplace*. Copies of the solicitation notice were sent directly to 24 prospective vendors, 20 of which are Maryland firms. A copy was also sent to the Governor's Office of Small, Minority & Women Business Affairs.

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11-S. MARYLAND DEPARTMENT OF AGRICULTURE (cont'd)

Three bids were received in response to the IFB, all of which were determined to be responsive. Scientific Plant Service, Inc. submitted the lowest responsive bid and was determined to be a responsible bidder. Its bid met the technical requirements set forth in the IFB. Therefore, award is recommended to Scientific Plant Service, Inc.

This contract will provide services to aquatically apply insecticide to control non-biting midge populations across the State. Counts of 500 midge larvae per-square foot are considered nuisance level. Baltimore County has reported levels of up to 12,000 per- square foot. These services are needed to mitigate the midge infestation in the Back River. The midges have caused serious and long lasting economic harm to businesses and the loss of enjoyment and quality of life of neighboring residents. Residents are unable to spend time outside due to this infestation as well as recreational boaters. Businesses have lost revenue for several years.

The recommended contractor will provide the insecticide for this project. Only one insecticide is acceptable for this project because it is the only insecticide with the correct active ingredient that is both registered in the State of Maryland and labeled for application at the rate that will be applied by the State. Further, this pesticide is likely the only product for which the Maryland Department of the Environment will provide the necessary permit. The insecticide will be applied using a spray system that was designed and built for MDA specifically for this contract. The insecticide poses no harm to the environment or other species. The active ingredient is a naturally occurring soil bacteria.

Midges have several generations per year in Maryland; therefore, the recommended contractor will apply the insecticide five times. The first application will be completed as soon as practical, and reapplication will occur every 30 days until cold weather sets in. Insecticide applications will resume in spring 2018, when the weather gets warm enough. In total, MDA will complete up to three applications this summer and fall, and up to three applications next spring.

Fund Source: 100% General

Appropriation Code: L00A1403

Resident Business: Yes

MD Tax Clearance: 17-2193-0111

BOARD OF PUBLIC WORKS ACTION – THIS ITEM WAS:

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WITHOUT DISCUSSION

Contact: Brian Prendergast 410-841-5870

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12-S. MARYLAND DEPARTMENT OF AGRICULTURE
Mosquito Control Program
Services Contract

Contract ID: Maryland Department of Agriculture (MDA) Aerial Application of Insecticides to Control Black Flies; ADPICS # L00B8400001

Contract Description: Aerially apply insecticides to control black flies.

Award:	Helicopter Applicators Inc. Gettysburg, PA
Term:	9/7/2017 (or earlier upon BPW approval) – 6/30/2018
Amount:	\$76,903 (10 Months)
Procurement Method:	Competitive Sealed Bidding
Bids:	Only One Bid Received
MBE Participation:	None (Single Element of Work)
Performance Security:	None
Incumbent:	None

Requesting Agency Remarks: A notice of the availability of the Invitation for Bids (IFB) was advertised on *eMaryland Marketplace*. Copies of the solicitation notice were sent directly to 13 prospective vendors, five of which are Maryland firms, and included no MBEs. A copy was also sent to the Governor's Office of Small, Minority & Women Business Affairs.

Only one bid was received in response to the IFB. The recommended contractor is responsible, and its bid meets the technical requirements set forth in the IFB. Moreover, the price has been determined to be fair and reasonable based upon a comparison of the price per gallon for the application of the same pesticide in surrounding states (Pennsylvania and West Virginia) that showed the bid price for this contract is lower by approximately \$20 per gallon of application. Additionally, it was determined that other prospective bidders had a reasonable opportunity to respond to the solicitation.

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12-S. MARYLAND DEPARTMENT OF AGRICULTURE (cont'd)

The vendors that were directly solicited were surveyed to determine why they did not submit a bid to the solicitation. Two individuals, representing five companies, responded that they were not interested in performing the services defined in the IFB. A Pesticide Regulation license issued by MDA, specifically Category 13 – Aerial Applicators, is required for this contract.

This contract will provide services to aurally apply insecticides to control black fly populations in Western Maryland. The pesticide application will target black fly larval habitat and will be sprayed into the Potomac River in 11 locations. Black flies have several generations per year; therefore, it is necessary to apply the insecticide five times.

Fund Source: 100% General

Appropriation Code: L00A1403

Resident Business: No

MD Tax Clearance: 17-2192-0011

BOARD OF PUBLIC WORKS ACTION – THIS ITEM WAS:

APPROVED

DISAPPROVED

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WITHOUT DISCUSSION