



DEPARTMENT OF GENERAL SERVICES
OFFICE OF STATE PROCUREMENT
ACTION AGENDA
February 24, 2021



SUPPLEMENTAL

*Contact: Athos Alexandrou 410-767-5369
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28-S-OPT. SERVICES OPTION
Department of Health, Office of Pharmacy Services

Contract ID: Point-of-Sale Electronic Claims Management System; *DHMH/OPASS-07-9030*
 ADPICS No.: COJ06349

Contract Approved: DBM 7-S, 05/17/2006

Contractor: Conduent State Healthcare LLC; Dallas, TX
(local office in Baltimore, MD)
 (formerly Xerox State Healthcare, LLC)

Contract Description: Continue development, operation and management of Point-of-sale (POS) Pharmacy System for Medicaid enrollees and other program enrollees.

Option Description: Exercise the final renewal option.

Original Contract Term: 08/01/2006 - 02/04/2007 (Transition Period - MOD #1)
 02/05/2007 - 07/31/2009 (w/two 2-year renewal options)

Option Term: 03/01/2021 - 05/31/2021

Original Contract Amount: \$10,076,159

Option Amount: \$ 1,816,774

Prior Mods/Options: \$ 65,059,862 (See attachment 1)

Total Contract Amount: \$ 76,952,795

Percent +/- (This Item): 18.03%

Total Percent Change: 663.71%

Original Procurement Method: Competitive Sealed Proposals

MBE/VSBE Participation: 17% / N/A

MBE/VSBE Compliance: 15.3% / N/A



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28-S-OPT. SERVICES OPTION (cont'd)

Requesting Agency Remarks: In October 2019, the Board approved the new contract for these services and the incumbent was awarded the contract. After the kickoff meeting of the new contract, a review of the implementation timeline identified gaps in the vendor's implementation project plan related to multiple overlaps in project milestones, including requirement for gathering, development, testing and operational readiness testing, which added significant risk to a successful implementation.

After additional review of the MDH staff tasks, it was determined that MDH does not have adequate staff to support the original six month implementation window. This was exacerbated by the COVID pandemic, which further pulled MDH staff from the project. In order to allow sufficient time for thorough and complete testing, the Department is requesting the execution of the extension period for three months as requested in the original modification which was approved by the BPW on August 12, 2020.

It is in the State's best interest to modify the current contract to allow MDH to implement a new system successfully. In addition, the vendor continues to satisfactorily perform these services on behalf of the State.

The pharmacy claims are adjudicated in real time and recipients are able to start the needed drug therapy right away and any interruption in this service can have a significant impact to the recipient's health and well-being.

Fund Source: 60% Federal; 40% General

Approp. Code: M00Q01.03

Resident Business: Yes

This Item was withdrawn as Item 16-S-OPT from the 02/10/21 DGS Agenda.

BOARD OF PUBLIC WORKS ACTION

THIS ITEM WAS:

APPROVED

DISAPPROVED

DEFERRED

WITHDRAWN

WITH DISCUSSION

WITHOUT DISCUSSION



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28-S-OPT. SERVICES OPTION (cont'd)

ATTACHMENT 1

| | | |
|-----------|-------------|--|
| Mod #1 | \$156,500 | Modification extended the transition period on the contract for an additional thirty-five days for the period 1/1/2007 to 2/4/2007. This modification allowed time for the Department to receive final transition files from the incumbent vendor. The transition term was changed to 8/1/2006 – 2/4/2007 and the new base contract term was changed to 2/5/2007 – 7/31/2009. DBM Item 7-S-MOD (12/6/2006). |
| Mod #2 | \$524,781 | Allowed changes to the recipient eligibility determination system for implementation of the Medicaid expansion: 1/20/2009 to 7/31/2009: DBM Item 5-S-MOD (1/7/2009). |
| Option #1 | \$6,647,038 | Exercised the first two-year renewal option: 8/1/2009 to 7/31/2011: DBM Item 12-S-OPTION (6/17/2009). |
| Mod #3 | \$1,048,316 | Mod to implement Phase I of the changes relating to collection and reporting of drug manufacturer rebates associated with the Health Care Reform legislation, especially the Affordable Care Act (ACA) enacted on 3/23/2010: 12/2/2010 to 7/31/2011: DBM Item 7-S-MOD (12/1/2010). |
| Mod #4 | \$389,067 | Mod to implement Phase II (described above with Phase I) and provide enhancements to the notices for the Primary Adult Care (PAC) program automated eligibility processing system: 4/21/2011 to 7/31/2011: DBM Item 10-S-MOD (4/20/2011). |
| Option #2 | \$9,351,059 | Exercised the second two-year renewal option: 8/1/2011 to 7/31/2013: DBM Item 9-S-OPTION (7/6/2011). |



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| Mod #5 | \$10,255,996 | Mod to upgrade the system and make changes to enable the program to meet and comply with the ACA; add additional staff to meet policy changes affecting the prescribing of Antipsychotic drugs; and extend the contract term by 24 months in order to effectively and cost efficiently implement the upgrade to the POS system: 7/1/2012 to 7/31/2015: DBM Item 24-S-MOD (6/6/2012). |
| Mod #6 | \$0.00 | Mod to upgrade the system and make changes to enable the program to meet and comply with the ACA: 7/1/2012 to 7/31/2015: Approved by MDH on 8/26/2013. |
| Mod #7 | \$23,351 | Mod to maintain eligibility for newly eligible adults after January 2014 when the PAC program will cease, and the participants will convert to the ACA's newly eligible adults coverage group with full Medicaid benefits. Because of unforeseen delays in the Maryland Health Benefit Exchange's electronic eligibility system, also known as Maryland Health Connection or the HIX, the eligibility verification system in current use for PAC must be used as a back-up system for the newly eligible adults' coverage group. These eligibility records will eventually be converted and maintained in the HIX. Approved by MDH. |
| Mod #8 | \$330,000 | Mod to revise and enhance the Maryland Medicaid Program "SmartPA" solution to support the transition to the International Statistical Classification of Diseases and Related Health Problems (ICD) "ICD-10" code sets by October 1, 2014: 2/6/2014 – 7/31/2015. Approved on DBM Item 11-S-MOD (2/5/2014). |
| Mod #9 | \$6,047 | Mod to update the eligibility system to process applications in the new ACA "Childless Adult" coverage group: 3/15/2014 - 7/31/2015: Approved by MDH. |
| Mod#10 | \$244,661 | Mod to change the existing rebate system in order to identify and report drug rebates for patients that are part of the Affordable Care Act (ACA) Medicaid Expansion. Reporting requirements begin July 1, 2014: 5/1/2014 – 7/31/2015: DBM Item 7-S-MOD (4/30/2014). |



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28-S-OPT. SERVICES OPTION (cont'd)

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| Mod #11 | \$8,670,744 | Mod to add six staff members to meet the January 1, 2015 implementation of changes affecting the prescribing of certain behavioral health drugs and to extend the contract term by 18 months with four six-month renewal options: 1/1/2015 – 1/31/2017: DBM Item 19-S-MOD (12/3/2014). |
| Mod #12 | \$34,129 | Mod to (1) change the "SAS 70" audit to a statement for attestation engagement 16 (SSAE 16) audit & specify the audit period; & (2) enhance the current lock-in functionality of the claims processing system to communicate between programs: 3/13/2015 - 1/31/2017: Approved and reported on the March 2015 PAAR. |
| Mod #13 | \$0 | Mod to bridge the contract term in order to submit an agenda item to the Board of Public Works for approval of exercising the available renewal options in Mod #11: 2/1/2017 – 2/28/2017: Approved by MDH. |
| Options #3/4 | \$5,585,918 | Exercised the first two of four six-month renewal options as contained in Mod #11: 3/1/2017 – 2/28/2018: DBM Item 18-S-OPT (2/8/2017). |
| Mod #14 | \$962,042 | Mod to transition to an Actual Acquisition Cost methodology and to implement Drug Utilization Review of Opioids: 3/1/2017 – 2/28/2018: Retroactive Approval: DBM Item 7-S-MOD (3/22/2017). |
| Options #5/6 | \$6,501,815 | Exercise the final two of four six-month renewal options as contained in Mod #11: 3/1/2018 – 2/28/2019: DBM Item 7-S-OPT (2/7/2018). |
| Mod #15 | \$7,061,304 | Modification to extend the Contract from 3/1/2019 – 2/29/2020 with one additional six-month renewal option exercisable at the sole discretion of the Department to allow the Department to complete the competitive procurement process for replacing the current POS System. BPW Approved: 12/19/18 DBM # 26-S-MOD. |



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| 28-S-OPT. | <u>SERVICES OPTION</u> | <i>(cont'd)</i> |
| Mod #16 | \$0.00 | No cost modification to re-purpose the two pharmacy technicians, which were under contract to handle the call volume related to Opioid Edits as part of Modification #14. OPASS approved 8/30/2019. |
| Option #6 | \$3,633,547 | Executed the six-month option period from 3/1/2020 – 8/31/2020. BPW Approved: 1/29/20 DBM # 32-S-OPT. |
| Mod # 17 | \$0.00 | No cost modification to update the new SSAE auditor with adding MBE. |
| Mod # 18 | \$3,633,547 | Modification to extend the Contract from 9/1/2020 – 2/28/2021 with one additional six-month renewal option exercisable at the sole discretion of the Department to allow the Department to complete the competitive procurement process for replacing the current POS System. BPW Approved: 8/12/20 DBM # 39-S-MOD |
| Total | <u>\$65,059,862</u> | |