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# **BOARD OF PUBLIC WORKS**

*GOVERNOR'S RECEPTION ROOM, SECOND FLOOR, STATE HOUSE  
ANNAPOLIS, MARYLAND*

**August 7, 2024**  
**10:09 a.m.**

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# PRESENT

## **HONORABLE WES MOORE**

Governor

## **HONORABLE BROOKE E. LIERMAN**

Comptroller

## **HONORABLE DERECK E. DAVIS**

Treasurer

## **JOHN GONTRUM**

Secretary, Board of Public Works

## **HELENE T. GRADY**

Secretary, Budget and Management

## **CHICHI NYAGAH-NASH**

Chief Operating Officer, Department of General Services

## **EMILY WILSON**

Director of Legislative and Constituent Services,  
Department of Natural Resources

## **VALERIE RADOMSKY**

Chief Procurement Officer, Department of Transportation

## **LISA GRIGSBY**

Recording Secretary, Board of Public Works

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# CONTENTS

Subject	Agenda	Witness	Page
<b>Acknowledging Work of Intern Jimmy Stevens</b>		Governor Moore	5
<b>Federal Government Shutdown Loan Program Modification – Modifications 2 &amp; 3 – Maryland Port Act</b>	SEC APP. A3, p. 34	Governor Moore Jason Perkins-Cohen Treasurer Davis Comptroller Lierman	6
<b>Program Open Space Local Share - 2. East Columbia Library Park Renovations - \$1,000,000</b>	DNR 3A, p. 43	Comptroller Lierman	12
<b>Agricultural Security Corridor Harvest Crescent Rural Legacy Area - Wickersham Property</b>	DNR 5A, p. 45	Comptroller Lierman Emily Wilson	12
<b>Mechanical Cleaning and Sweeping of Roadway and Park-N-Rides at Various Locations in Baltimore and Harford Counties - District 4</b>	MDOT 5-M, p. 67	Comptroller Lierman Valerie Radomsky William Pines	14
<b>Pharmacy Benefits Management Services and Purchasing Pool Management</b>	DGS 54-S, p. 194	Governor Moore Helene Grady John Dougherty Cheryl Byron Comptroller Lierman Treasurer Davis	17
<b>Medicare Prescription Drug Exchange and HRA services for the State of Maryland's Medicare Retirees</b>	DGS A1-EX, p. 197	Governor Moore Peta Richkus Helene Grady Comptroller Lierman	27

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<b>Grant - Meritus School of Osteopathic Medicine (Washington County)</b>	DGS 3-CGL, p. 88	Governor Moore	31
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# PROCEEDINGS

GOVERNOR MOORE: Welcome to today's morning of the Board of Public Works. Before we get turned over to the business of the day, I just want to acknowledge somebody. You know, we have a remarkable intern program here in the State of Maryland, where we have some just absolutely fantastic young people who choose to give up their time and raise their hands. While some of their friends might be out in Ocean City and on the beach and relaxing and hanging out, there's some who say, "No, I want to wear a suit and tie every day."

(Laughter.)

GOVERNOR MOORE: "And I want to go learn about the inner workings of government, and I want to contribute to the inner workings of government." And we've been very blessed to have one of them who's been spending their time digging into the bowels of BPW during the summer. And that's Jimmy Stevens, who's a proud Blue Jay member at Johns Hopkins University -- a star on their baseball team.

And when Manny (phonetic) was asking him and said, "What are the things you've enjoyed most about this process and experience during this summer," he mentioned the fact that BPW really is -- this is the definition of a sausage making. This is where you're going to see every aspect of State government. This is where you're going to see how capital is resourced. You're going to see how the different agencies interact. You're going to see how everyday citizens are seen and recognized.

But Jimmy, I just want to tell you, your work here has been absolutely -- not just instrumental, but your impact's been noticeable. So congratulations on a great internship, and it was well worth --

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(Clapping)

GOVERNOR MOORE: And with that, Secretary Gontrum, good morning.

MR. GONTRUM: Good morning, Governor. Good morning to you, Mr. Treasurer and Madam Comptroller. There are 17 items on the Secretary's agenda this morning, and four reports and emergency procurements. I'm happy to assist with answering any questions.

GOVERNOR MOORE: Wonderful. Thank you so much, Mr. Secretary. I would like to actually start by calling up Item A3, which is a modification to the existing emergency contract through the Department of Labor that was approved. And what that did was it allowed the Department of Labor to be able to move quickly to stand up and also to efficiently distribute financial assistance to the thousands of Port workers that were impacted on the morning of March 26th.

They were some of the first people who we knew were not just going to be directly impacted, but also people who we had to come up with a quick solve for. Where that morning, we knew that there were six families who would -- who were looking for their loved ones, and we knew there were thousands of families who were still trying to figure out what exactly was going to happen when it came to the economic -- the economic supports for them and their families. And many of them, as we entered into it, knew that they had no idea when the federal channel was going to be cleared.

In fact, I tell that first morning we were down there with the divers and asking them about what they could see, the answer that we heard from almost all the divers was about nothing because they couldn't see a foot past in front of them because of the amount of debris that was in the water. And we knew that as long as that was going to be the case, that meant that there were thousands of

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workers who you had to find supports for. And when you had that Unified Command who was just working 24/7, around the clock, to make sure we could get that port cleared as quickly as possible, we also knew that we had to act to be able to make sure those Port workers were taken care of as well.

And so one of the three new temporary relief programs that was established for the PORT Act was the Worker Support Program, which provided the much-needed financial assistance to impacted Port workers while vessel traffic was suspended into the Port of Baltimore. And the work that the Department of Labor did to make that happen was absolutely extraordinary. And it was a Herculean effort to make sure that every single worker was seen and supported, and their families, in what was -- turned out to be one of the greatest tragedies in our state's history.

But that vehicle, the Worker Support Program, it really was utilized to allow the Department of Labor in partnership with the Comptroller's Office and the Treasurer's Office to stand up the program as efficiently and as quickly as possible to make sure that these families are taken care of. And since April, the Worker Support Program has provided more than \$16 million to over 3,300 workers impacted by the closure of the Port of Baltimore. And that's on top of the 1,191 claims that they processed during regular unemployment insurance, which totaled \$3.3 million.

So in addition to the \$17.7 million in assistance through the Worker Retention Program that the Department of Labor has administered to help prevent layoffs for more than 3,000 workers, we know that we are equally as committed to being able to support our businesses as we're also helping our workers. That the Department of Labor worked in conjunction with other elements of our Administration, distributed \$9 million in assistance through the Department of Commerce's Port of Baltimore Business Assistance Program, and

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more than \$2 million through the Department of Housing and Community Development's Key Bridge Small Business Loan Programs.

So all totaled, over \$42 million in assistance was distributed to impacted workers, to businesses, to small businesses all throughout a three-month period. And I cannot be more grateful for the hard work of our federal partners, our local partners, our State partners, the Comptroller and Treasurer's Office, everybody who took place -- and the private sector as well. Everybody who played an incredibly important role in an incredibly important time of need. And to say thank you because it's because of all that support and this coordinated effort that I think Maryland has just put on a case study about how you respond when a community is in need.

We're joined today by our Deputy Secretary, Jason Perkins-Cohen. Jason, it's great to see you as always. Thank you for your leadership, thank you for your work, and thank you for your contribution. And we would welcome any remarks that you'd also like to share in this regard.

MR. PERKINS-COHEN: Great. Thank you, Governor. I really appreciate and am humbled by your words and all the support and guidance that you and your team have given us through this difficult period. Just for the record, again, my name is Jason Perkins-Cohen. I am the Deputy Secretary here at Maryland Labor. And to your point, this was a total team effort, both within the Department of Labor and across government. Within Labor, we had a hundred different staff people at one time or other jump in and help to make sure that we were getting support to workers and employers who were impacted by this crisis.

And of course, it was also a team effort across government. Many of the agencies to my right and that you highlighted, all of us in it together. I want to plus-one your particular shout out to the Comptroller's Office and the Treasurer's Office. You know, you referenced sausage making. This was some

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real behind the scenes program design sausage making. There was early morning calls, late night calls, and everything in between. And without the Treasurer, and the Comptroller, and your team to make sure that we were able to identify employers and workers quickly that were impacted and literally get money into the hands of people who are in crisis, we truly couldn't have done it without you.

So I'm very proud of what we were able to accomplish. As you noted, within 24 days, we were able to stand up a program that got over \$16 million into the hands of 3,300 workers and a total of 38,000 payments. These were individual checks. So very proud of it. I'm very happy to answer any questions that you all may have.

TREASURER DAVIS: Can I ask one, Governor?

Good morning, Jason. How are you?

MR. PERKINS-COHEN: Great. How are you?

TREASURER DAVIS: I have a question, and it's actually more of a concern. Not about the substance of what we're doing here, I'm fully on board and all of that. But one of the things that I'm a little concerned with -- and it's sort of based upon my prior position in the Legislature, there was a practice we used to do where there would be a bill that wasn't going to move, and then when we -- something may come up, an issue would come up and we needed a vehicle to move it because they -- I guess it had the same name or something -- what we would do is we would take that bill, strip it of everything other than "this is a bill," and then put an entirely different bill on that to move it so we'd have a vehicle to move forward.

The Attorney General's Office ultimately told us that we couldn't continue doing that, that it was unconstitutional, et cetera. I used that to -- I say that to say, in this one, the vehicle that we're using was originally for the federal shutdown, which is an emergency -- which was an emergency procurement. But

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nothing else between what we're doing today and that are similar other than it was just an emergency procurement. So what I'm doing is essentially paralleling what I -- what happened in the General Assembly and the Legislature that the AG's Office told us we couldn't do -- paralleling that with this.

And I guess I'm asking did you all consult with the Attorney General's Office or how confident you all are that this will hold up to scrutiny under that sort of same -- you know, that that same scenario that we took a procurement contract that wasn't related to what we're -- to the Key Bridge but the federal shutdown, and we're basically stripping all of that out and putting this in and then going forward without having to do a procurement?

MR. PERKINS-COHEN: Well, thank you, Treasurer Davis. Your point is well taken. We did go through a lot of conversations in the very, very short period of time. I do think, actually, there are a lot of similarities between what we were asking the contractor to do. In both cases, we were asking them to build a externally-facing portal for workers in the State of Maryland who were -- didn't have the opportunity to work through no fault of their own. And in both cases, the expectation was that it would be of a relatively short duration and that they would be able to go back to their jobs once that crisis was averted, whether it was a shutdown or the bridge.

And that -- because it was essentially the same overarching requirements, we thought it made sense and, again, those that we consulted with agreed and so we moved forward. Had we not moved forward with this contract in this way, there's no chance that we would have been able to get the resources in the hands of people so quickly. And of course, the shutdown was averted officially on March 23rd. We know that the Bridge happened on March 26th. So the duration between couldn't be shorter. But I hear you.

TREASURER DAVIS: There's another chance that this shut down

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probably in a year, so.

MR. PERKINS-COHEN: Well, and if that happens, we have done a lot of work to be in a better position. Of course, we hope it doesn't happen, but.

COMPTROLLER LIERMAN: Thanks. Thank you, Treasurer Davis, for those comments, and thanks, Jason, for being here, Deputy Secretary, for being here. I just wanted -- I think the Treasurer and I have had concerns about this particular contract over the last six months. And so I appreciate the challenging situation that the Department found itself in and would just ask sort of in the future that we make sure that we're crossing T's and dotting I's with our AGs before doing this type of substitution.

I do want to echo, though, as well what the Governor said. In the Office of the Comptroller and with the Treasurer's Office, we pushed out about 40,000 payments totaling \$55 million through all the Port support programs. And I think it was one of those things where it was a real case study in how government can work well for people. And seeing all of the different agencies work together was really inspiring.

And on our end, we had team members pulled from other nine-to-five work that they needed to do to step up as well to do this work. And so I really salute my team and all of the teams who worked well to do that. So thanks for being here today to answer our questions and to talking through this with us. And look forward to future conversations. Thanks.

MR. PERKINS-COHEN: Thank you very much.

GOVERNOR MOORE: Thank you so much, Madam Comptroller. And again, I can't underscore enough the importance of your office and your office and the leadership that both of you showed to be able to make this happen. So I truly appreciate it.

And thanks, Deputy Secretary.

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Are there any other comments on that issue?

Okay. Secretary Gontrum, we're going to separate Item A3 for --  
TREASURER DAVIS: (Indiscernible).

COMPTROLLER LIERMAN: (Indiscernible).

GOVERNOR MOORE: Okay. So are there any other comments  
on the remainder of the Secretary's agenda?

COMPTROLLER LIERMAN: Motion to approve.

TREASURER DAVIS: Second.

GOVERNOR MOORE: All right. Thank you so much. Thank  
you. We'll proceed with the Department of Natural Resources agenda.

Ms. Wilson, good morning.

MS. WILSON: Good morning, Governor, Mr. Treasurer, Madam  
Comptroller. Emily Wilson, Maryland Department of Natural Resources. We  
have 14 items on our DNR Real Property Agenda today for your consideration.  
I'd be happy to try to answer any questions you may have.

GOVERNOR MOORE: Wonderful. Thank you so much. Is there  
any discussion on the DNR agenda?

COMPTROLLER LIERMAN: I just wanted to give a couple of  
shout-outs to Howard County for committing to use natural turf fields as part of  
their East Columbia Library Park renovations. I think there were discussions  
between the County and constituents who raised concerns about some of the  
issues associated with artificial turf. So I just wanted to say it was great to see  
that.

And then a quick shout out to the Eastern Shore Land Conservancy  
because I was just visiting with them to congratulate them on another successful  
easement acquisition using \$1.5 million in Rural Legacy funds to protect nearly  
289 acres of agricultural fields and forested lands. The easement will preserve

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scenic views and help protect McGill Creek in Cecil County. Really appreciate the Conservancy's work and so just wanted to highlight that. Thank you. Thanks for being here.

MS. WILSON: Yes, and that was a great partnership with the federal government as well. The --

COMPTROLLER LIERMAN: Yeah.

MS. WILSON: -- Army Compatible Use Buffer Program. So --

COMPTROLLER LIERMAN: That's great.

MS. WILSON: -- it's nice to be able to leverage that partnership.

COMPTROLLER LIERMAN: Awesome. Great. Thank you.

GOVERNOR MOORE: Thank you. Is there any other any other comments for the DNR agenda?

COMPTROLLER LIERMAN: No.

GOVERNOR MOORE: May I have a motion to approve the DNR agenda?

COMPTROLLER LIERMAN: Motion to approve the DNR agenda.

GOVERNOR MOORE: Is there a second?

TREASURER DAVIS: Second.

GOVERNOR MOORE: Outstanding. Thank you so much.

MS. WILSON: Thank you.

GOVERNOR MOORE: Thank you. We do not have any items on the USM agenda, so we're not going to get a chance to see Mr. Hickey today.

(Laughter.)

GOVERNOR MOORE: Shocking.

COMPTROLLER LIERMAN: What's happening?

(Laughter.)

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GOVERNOR MOORE: It's like Groundhog's Day right now.  
What's going on?

But Ms. Radomsky, we are very happy to see you for the MDOT agenda. Good morning.

MS. RADOMSKY: You as well, Mr. Governor, Madam Comptroller, Mr. Treasurer. For the record, my name is Valerie Radomsky, Chief Procurement Officer at the Maryland Department of Transportation. We are presenting 12 agenda items for your consideration today. And we have representatives available to answer any questions you may have.

GOVERNOR MOORE: Thank you. Any items for discussion on MDOT agenda?

COMPTROLLER LIERMAN: Thanks. It wouldn't be a BPW meeting if I didn't have a question about maintenance contracts of SHA.

So Ms. Radomsky, there are several of these again, as usual. And we did dig in with the team a little bit at SHA and found that there are -- and I -- specifically, my concern is with the MBE participation. There are hundreds of firms available statewide for litter pickup, and hand mowing, and trimming. A little less than 100 available for supplying protection vehicles necessary for the items on today's agenda, and a little fewer than 20 are certified MBEs.

And so our understanding is that there's not the requirement for the MBE because there are too few by zone -- or by district, by SHA district. So I guess then the question is what is SHA doing to work with GOSBA to encourage the availability of more certified MBE vendors who could perform this work? Can you tell us a little bit about what's going on?

MS. RADOMSKY: Of course, and we have Will Pines --

COMPTROLLER LIERMAN: Great. Hello.

MS. RADOMSKY: -- here with us this morning.

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COMPTROLLER LIERMAN: Okay. Thank you.

MS. RADOMSKY: I'll turn it over to him.

MR. PINES: Thanks, Valerie. Well, good morning, Governor, Madam Comptroller, Mr. Treasurer. Thank you. For the record, my name is Will Pines. And I'm an Administrator for Maryland State Highway. As was mentioned, we talked about -- like you said, we've been here a couple of times talking about maintenance contracts. They are a real challenge in terms of some of the bonding issues and things that we talked at last November's meeting. But we are working very actively with GOSBA on the disparity study to really get down into the nitty-gritty of how we can help get more firms to the table.

Beyond the disparity study, we work with them intimately on our outreach events. They have outreach events, which we participate in. We have events, and they come to that to really help firms be able to advance statewide. You highlighted the issues specifically with these contracts really well, but we are working very intimately with GOSBA to be able to promote DBE and MBE programs statewide. And like I talked about last November, there are challenges but there's also a lot of successes. Like Item 5 on this agenda is a hundred percent MBE and SBR.

COMPTROLLER LIERMAN: Yeah.

MR. PINES: So we see that a lot. About 50 percent of our SBR contracts for maintenance also --

COMPTROLLER LIERMAN: Are MBE?

MR. PINES: -- end up with MBE. So a lot of positives there. We do have challenges, but we're working very closely with GOSBA on those issues.

COMPTROLLER LIERMAN: Okay. Thank you very much.

MR. PINES: Thank you.

GOVERNOR MOORE: Do you --

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COMPTROLLER LIERMAN: No further questions.

GOVERNOR MOORE: Okay. May I have a motion to approve the MDOT agenda?

COMPTROLLER LIERMAN: Motion to approve.

GOVERNOR MOORE: Is there a second?

TREASURER DAVIS: Second.

GOVERNOR MOORE: Perfect. Thank you so much. Thank you, Ms. Radomsky.

And we'll conclude with the with the DGS agenda, Ms. Nyagah-Nash. Hey, Chichi, how are you?

MS. NYAGAH-NASH: Good morning, Mr. Governor Moore.

GOVERNOR MOORE: Good morning.

MS. NYAGAH-NASH: Thank you. Good morning, Governor, Madam Comptroller, Mr. Secretary -- Mr. Treasurer. For the record, my name is Chichi Nyagah-Nash. And I am the Chief Operating Officer for the Maryland Department of General Services. Today, the Department is presenting 55 items, including one report for an expedited procurement. We will be withdrawing Items 50-CGL, 27-C, and 35-IT 2.2.

Madam Comptroller, you gave a shout out to DNR on a conservancy for an agricultural easement. Our agenda features close to 5,000 acres of agricultural preservation easements that have been --

COMPTROLLER LIERMAN: I know -- Trying to upstage me and I'm aware --

(Laughter.)

COMPTROLLER LIERMAN: Be nice.

MS. NYAGAH-NASH: I'm --

(Laughter.)

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MS. NYAGAH-NASH: No, no, no. I'm adding to your shout-out -- as well as \$11 million in capital grants and loans. Two grants that we'd like to highlight are Item 7-CGL, which provides over \$1.5 million in State support to Howard County General Hospital for the expansion of their behavioral health unit. This expansion will increase the unit's physical capacity from 6 to 24 patients. The increased capacity will also enhance patient safety by reducing the overflow of behavioral health patients in the main emergency department, and providing care in a more appropriate setting. In some cases, providing for private rooms where appropriate.

We'd also like to highlight Item 8-CGL, which provides \$300,000 to Project PLASE in Baltimore City for the renovation of a former Catholic school into 56 permanent supportive housing units with veterans' preference.

Focusing on minority business participation, our agenda includes four contract awards and modifications to certified minority businesses totaling more than \$2.4 million. Agency representatives are available to answer any questions that the Board may have for us. Thank you.

GOVERNOR MOORE: Thank you so much, Ms. Nyagah-Nash. I would like to call up Item 54-S, which is an award to MedImpact Healthcare Systems to administer the State's pharmacy benefits management contract. We have two speaker requests for today.

And before we recognize those speakers, I'd first like to ask Secretary Grady to formally introduce the item -- if that's okay.

Madam Secretary, good morning.

MS. GRADY: Thank you, Governor. Good morning, Governor Moore, Comptroller Lierman, and Treasurer Davis. My name is Helene Grady, and I serve as Secretary of Budget and Management. I'm joined by Christina Kuminski, the State's Director of Employee Benefits.

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I'm pleased to present Item 54-S, our pharmacy benefits management services contract. Our recommendation for award to MedImpact Healthcare Systems, Inc. follows a unique reverse auction procurement process that was set forth by the General Assembly in Chapter 434 of 2020, instituted to optimize prescription drug savings. The Department of Budget and Management administers the State Employee and Retiree Health and Welfare Benefits Program, which presently insures more than 114,000 individuals and their respective eligible dependents for a total of close to 220,000 participants in our benefits programs. We anticipate that this new contract for prescription drugs, beginning January 2025, will service approximately 160,000 participants as we simultaneously transition Medicare-eligible retirees to the individual Medicare Part D Market, effective January 2025 -- also in accordance with State law.

I'd like to highlight briefly some of the benefits the State experienced from the use of the unique reverse auction process through a multi-step invitation for bids. First and foremost, the process promoted transparency with the State's paid claims data being provided to bidders to develop pricing guarantees. As well as transparency through multiple bidding rounds, which enabled bidders to understand their competitive position versus other bidders and to improve their respective financial offers.

Additionally, this contract and the reverse auction platform that was developed to support the process will provide for ongoing claims monitoring throughout the contract period, which we're very excited about. Last, the process enabled the State to qualify potential bidders based on a set of minimum qualifications prior to releasing the specific State claims data on which they would base their bids. And also to set terminology, definitions, methodology, and drug classifications that the bidders would adhere to without deviation, assuring comparability between the offers.

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When compared to the current contract, we estimate that the MedImpact contract is expected to save the State modest amounts in the initial years. Starting with about \$1 million in calendar year 2025, \$12 million in calendar year 2026, and \$22 million in calendar year 2027. The projected savings increase in the outer years of the contract term. These figures that I'm sharing are across all funds. Of note, the general fund comprises about 60 percent of those savings estimates.

MedImpact Healthcare Systems met all minimum qualifications, agreed to all State contract requirements, as stated in the MS-IFB, and submitted the lowest bid following three rounds of bidding. Having satisfied all requirements set forth under Chapter 434 of 2020 and the multi-step invitation for bids, the Department supports the award to MedImpact Healthcare Systems.

Additionally, I'd like to express deep appreciation and gratitude to our benefits team under Christina's leadership, to the Contract Management Division at DBM, to our legal team, and also to our colleagues at the Office of State Procurement for their diligent work on this innovative but incredibly complex procurement.

GOVERNOR MOORE: Thank you so much, Madam Secretary. Thank you. Thank you.

Thank you, Christina. Thank you to your entire team for the work that you all did. And also, I want to also acknowledge Secretary Chaudhry and his team as well. Thank you for the close partnership, for the diligence that went into this -- the State's first ever reverse auction procurement.

MS. GRADY: Questions for us?

GOVERNOR MOORE: Yeah, I'm sorry. Any questions for you all?

COMPTROLLER LIERMAN: Not right now, no.

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GOVERNOR MOORE: Okay. Thank you. We'll move on to the speaker requests. I would like to ask the speakers to please limit their comments to no more than three minutes. Secretary Gontrum will keep time.

And at first, I'd like to recognize Mr. John Dougherty, who's a counsel for MedImpact, for comments in support of this item.

Mr. Dougherty, good morning. Good to see you again.

MR. DOUGHERTY: Good morning, Mr. Governor. And good morning, Madam Comptroller and Mr. Treasurer. With me is Adrienne McCormick of MedImpact, in case I get a question that is better for her to answer because I'm MedImpact's lawyer. So the -- and thank you for the opportunity to address the Board. I'll first ask -- I'm sort of doing things out of order. Are there any questions or concerns that the Board members would like us to address?

TREASURER DAVIS: We haven't heard you talk yet.

(Laughter.)

MR. DOUGHERTY: Well, fair enough. I just didn't -- with the timeline. So there has been this -- this was on the agenda three weeks ago, I think, and was pulled because Caremark had a protest and then an appeal pending. And that was decided by the Board of Contract Appeals very rapidly. We're grateful for that. And they granted our motion to shorten time, and they entered a final order last Thursday. So the balance that the Board does between due process for a protester, which is an important thing, and moving forward with a contract that's very important to the State.

That balance last Thursday shifted from the due process predominate to moving forward predominate. That's set forth, the Board knows, in COMAR 21.10.02.11. And that's the regulation that strikes that balance. And what it says is the Board ought not to award a contract, if there's a protest or an appeal. But as soon as there's a final order from the Board of Contract Appeals,

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the Board can proceed with the contract. And that's what we're asking the Board to do today.

COMPTROLLER LIERMAN: Wait, wait. Let's be clear. There was not -- I mean, there was a final order, but it was not on the substantive merit. It wasn't on the merits. It was on the timeliness.

MR. DOUGHERTY: And I --

COMPTROLLER LIERMAN: Which is what the attorney will bring it up next, so you might as well.

MR. DOUGHERTY: Absolutely, it was an untimely appeal and therefore it was dismissed for that reason.

COMPTROLLER LIERMAN: Right.

MR. DOUGHERTY: If you look at the Board of Contract Appeals' website, probably more than half of their decisions are decided on timeliness grounds.

COMPTROLLER LIERMAN: Right.

MR. DOUGHERTY: So they often don't get to the merits, the substantive merits. But timeliness is part of the merits in an important way, because implicit -- not implicit, explicit -- in the procurement law is that protests and their appeals have to be decided quickly. And there's a short amount of time to file them. And if you miss it, the Board of Contract Appeals doesn't have jurisdiction. So in some ways, although it's procedural, it's part of the substance of it.

In any event, the -- so now, the moving forward decision is in front of the Board. And really, they're on the merits. And that ends up going back to what may or may not have been addressed at the Board of Contract Appeals. As set forth on the BPW agenda, over the full life with the option periods, the State's going to save \$368.7 million. Most of this contract is the spend, pays for the

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drugs. It doesn't pay the PBM. It pays for the drugs. The pharmacy benefits manager is a manager not -- they're not getting the money. (Indiscernible) to Caremark, because Caremark also runs pharmacies.

MR. GONTRUM: That's three minutes, Mr. Dougherty.

MR. DOUGHERTY: Thank you. That's my time.

GOVERNOR MOORE: Are there any additional questions for --

COMPTROLLER LIERMAN: No.

GOVERNOR MOORE: Sure.

MR. DOUGHERTY: Thank you.

GOVERNOR MOORE: Thank you so much. Thank you. We'll next hear from Cheryl Byron, the Vice President at CVS/Caremark, speaking in opposition to this issue.

MS. BYRON: Thank you, Governor Moore. Thank you for doing such a fantastic job of introducing me. I am Cheryl Byron, Vice President with CVS/Caremark. Hello to you, to Madam Comptroller, and to Mr. Treasurer. I very much appreciate your time today. CVS/Caremark has been very proud to serve the State of Maryland and the employees and retirees of the State since 2018. Delivering 100 percent DBM satisfaction ratings and outstanding member satisfaction ratings. Over the past seven years, our partnership has yielded substantial drug savings for State plan beneficiaries and Maryland taxpayers. And we thank you for the years of collaboration.

The details of this procurement, as indicated by Madam Secretary and others, are complicated. But our position is simple. We believe our bid represented the best value for the State of Maryland and your more than 200,000 hard working employees and retirees in delivering the affordable and high-quality pharmacy benefits that they all rely on. And we believe that the State's rollout of its new reverse auction procurement process led to a situation in which

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competitive bids were not objectively compared to each other. There is too much at stake for a contract of this size to be rushed through when so many questions remain.

The lawyer from MedImpact indicated that there was an issue with the appeal that we had presented related to timing. So the decision was made entirely on procedural issues related to, frankly, our understanding of ten -- having ten days to file an appeal. That 10th day fell on a Saturday. We filed on the following Monday. We felt that there was precedent that suggested that in situations like that -- where a day has fallen on the weekend, it was appropriate to file on the following Monday -- to file on the following Monday. Obviously, we regret that decision at this point, but it was in our effort to ensure we had the most detailed and accurate information to present to the Board of Appeals.

That said, because nothing was reviewed in terms of the merits of our concerns regarding how the process went, we ask that you conduct a new procurement rather than move forward with the contract award to MedImpact. Our offer, as I indicated, was highly competitive and we're prepared to offer the State our first-year price points that would provide the State with more than \$100 million in savings and value in the first year.

The intent of the reverse -- of the reverse action legislation enacted in 2020 was to optimize prescription drug savings, and the irregularities we encountered in how this reverse auction was conducted make it impossible to determine truly whether that objective was met. There's no downside to pressing pause. Conducting a new process would be fairer and more competitive, and could save the State even more money. It could even attract additional bidders leading to more savings through increased competition. I thank you for your consideration and for your time today. And I've been personally inspired by the work that you do here. Thank you.

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GOVERNOR MOORE: Thank you so much, Ms. Byron. Thank you so much for your time today. Is there any questions for Ms. Byron?

COMPTROLLER LIERMAN: I don't have any questions.

TREASURER DAVIS: I do.

Ms. Byron, how long does the Board of Contract Appeals allow for an appeal to be filed? How long did you all have?

MS. BYRON: Ten days.

TREASURER DAVIS: Ten days?

MS. BYRON: Ten days, uh-huh.

TREASURER DAVIS: Was there any particular reason why -- because I know how I was in school. I always procrastinated and waited 'til last minute to turn in everything. Is that what happened in this case?

MS. BYRON: We actually were -- we actually were pulling together all of our information. We were frankly ready on the Friday before, but had one final piece of information we wanted to confirm. We felt that there was precedent -- published precedent that said that you could file on the Monday following, and that's indeed what we did.

TREASURER DAVIS: I think I know what you're referring to, and I think it's a little gray. I can see where you can get confused. But that mentioned if it fell on -- specifically in the statute, it said Sunday or holiday; you could do the next day. It never referenced Saturday. Is that sort of the logic that you all were using that, that part of the statute that mentioned Sunday or holiday but not Saturday?

MS. BYRON: That's exactly right, yes.

TREASURER DAVIS: Okay.

MS. BYRON: And we felt again that there was established precedent that supported that. Now, I will tell you I am not a lawyer, but I do

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have Jason Weintraub with me or (indiscernible) -- if there are additional questions of a legal nature.

TREASURER DAVIS: No, I was just wondering was --

MS. BYRON: Yeah, that's exactly right.

TREASURER DAVIS: -- was that the thing? And --

MS. BYRON: Yes.

TREASURER DAVIS: Then finally, on your bid, can you -- you mentioned that the savings to the State. Can you give me that part again that you said you all were prepared to do or -- what was that comment you made about CVS's bid and the savings to the State over, I guess, the seven-year period?

MS. BYRON: So what -- my comment on the savings to the State was that we would be happy to -- should the State need more time to ensure that you leverage a bid process that provides for none of the anomalies that we saw, is that we would be willing to extend the contract with the price points we proposed for the first year of the bid, which we estimate would be a \$100 million dollars of an improvement over the price points that are in place today is.

TREASURER DAVIS: So that's different from your auction -- your auction bid or that was your auction bid?

MS. BYRON: Both. I'm talking about the price points we proposed. Yes.

TREASURER DAVIS: At the -- okay. I think I got it. Thank you.

MS. BYRON: You're welcome.

GOVERNOR MOORE: Thank you so much, Ms. Byron. Thank you. We'll next move on to --

COMPTROLLER LIERMAN: Can I just make a comment about that?

GOVERNOR MOORE: Oh, please.

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COMPTROLLER LIERMAN: I'm sorry. Absolutely.

GOVERNOR MOORE: I just have a comment.

This is legislation. You know, the reason we did this reverse auction was because of legislation that the General Assembly passed in 2020 that I voted for. And I do believe that the reverse auction process is the right process. It's yielded major savings in other states, like New Jersey, where they are projected to save about \$2.5 billion in drug spending over a certain number of years. I think that the challenge here that I have, and that I hope will be remedied the next time we do this, is that we only had two bidders. And you really just don't accrue the savings that you're supposed to in a reverse auction when you only have two bidders.

And I don't even know that that totally fulfills sort of the legislation's intent to utilize this aggressive reverse auction process to ensure the savings. This was the first time that it was done. I know that it was challenging. I hope that DGS -- this is also an interesting instance where DBM is awarding it, but DGS is actually running the reverse auction.

Is that correct, Chichi?

MS. NYAGAH-NASH: Yes.

COMPTROLLER LIERMAN: So I mean it does sound like, from everything that we've heard, there were some challenges with running the auction. And my hope is that DGS is prepared in a few years -- because I don't think it should be a given that these renewal options will happen. It's certainly not a given in my book, given that there were only two bidders. So I hope over the next three years of this initial award, DGS and DBM can work together and identify ways to encourage more competition, smooth out this process so that we can create more savings in the next round of bidding.

I think it's also worth saying that we're all on the prescription drug

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plan, like everyone in this room -- many people in this room, including me. And we defer to the agencies to dig into the details of what's going to be offered by MedImpact versus CVS and Caremark. Whether it's an app to get your refills or prior authorizations, there's a lot of work to be done to tell State workers over the next few months. This is a big change. So look forward to DBM's leadership on that and thanks for being here, both of you, today to present this.

GOVERNOR MOORE: Next, we'll move on to Item A1-EX, which is a request from the Department of Budget and Management to accept an expedited procurement award to Extend Health, LLC, to administer the Medicare Procurement Drug Exchange and the Health Reimbursement Arrangement Services for the State of Maryland -- for State of Maryland retirees.

Ms. Peta Richkus -- good morning, Peta -- has requested to speak on this item. In the interest of time, we ask the comments be no more than three minutes. And we'll ask Mr. Secretary to hold that.

But Madam Secretary, good morning. And it's good to see you.

MS. RICHKUS: Governor, Comptroller, Treasurer, for the record, my name is Peta Richkus. Thank you for the opportunity to comment on the Medicare Prescription Drug Exchange and HRA Services contract, which aims to assist Maryland's oldest retirees in transitioning from the State's retiree prescription drug plan to Medicare Part D. As Secretary of the Department of General Services from 1999 to 2003, I led one of the State's primary procurement units and oversaw the DGS/BPW agenda. I brought many large, complex contracts to the Board for approval. So I sympathize with the complexities faced by DBM, the Employee Benefits Division, and their DGS procurement associates.

This procurement and the previous procurement discussed are the kind of initiatives envisioned, when the original eMaryland Marketplace team and I proposed in 2000 and the Board of Works -- Board of Public Works approved a

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contract for the country's first fully functional e-procurement platform. Launched at no cost to the State, the innovative procurement portal won four national awards over the following two years.

Retirees pray that the five-year \$8.4 million contract with Extend Health, LLC will be as successful and have offered to help DBM to make it so, but retirees are concerned. The DBM website still states retirees would receive more information by July, but delays in awarding this contract have prevented this. There have been distribution issues with DBM's announcement letters. Release of Medicare's 2025 plan details will occur next month, and open enrollment starts in ten weeks. Retirees are understandably anxious and somewhat skeptical that real help will be on the way in time.

Many also fear that their 2025 prescription drug costs could rise significantly, despite the \$2,000 federal cap on out-of-pocket expenses. I can elaborate on this point later, if you wish. Retirees were joined by the distinguished lawyers and former judges on the Daily Record Editorial Advisory Board and others in calling out the injustice of the State's actions. In 2011, Maryland became the only State to retroactively strip retirees of an earned benefit. It was unjust to subject retirees to a law that did not exist when the State and those employees agreed to exchange labor for salary and benefits.

The 2019 law imposed a second injustice on those retirees hired before 2011, but retiring after January 1st, 2020. SB 946 withholds its health reimbursement arrangement from these retirees, regardless of their length of service to the State simply because of their retirement date. The State has argued that courts have upheld its actions. Courts have also upheld voter suppression laws, discriminatory immigration policies, immunity for unlawful acts by a former president.

MR. GONTRUM: That's three minutes, Madam Secretary.

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MS. RICHKUS: These rulings do not make such actions moral. In this case, 60,000 State retirees are being left behind. Thank you for your time.

TREASURER DAVIS: Thank you.

GOVERNOR MOORE: Thank you.

MS. RICHKUS: Did you have any questions?

GOVERNOR MOORE: Thank you, Madam Secretary. Thank you. Thank you. Appreciate it..

I would like to invite Secretary Grady to return to the podium, please, and offer any comments.

MS. GRADY: Good morning, again.

COMPTROLLER LIERMAN: Thank you. I think you're there because I have questions. Sorry. Thank you. This is the expedited procurement award to Extend Health. And first, I just want to commend DBM on using this new expedited procurement method. It seems to have gone well. And I just appreciate that. And also appreciate the transparency with which this procurement report was created, really highlighting all of the outreach that was done and to all of the different companies.

And I think maybe it's good or bad because it prompted a question from me, which was do we have any idea why we didn't get responses? There was -- a single proposal was received and was determined to be reasonably susceptible of being selected for award and so we're moving forward. But I was just curious if you could expand a little bit on why we didn't get any other proposals and if there's anything we can do to help that in the future.

MS. GRADY: Sure, I'm happy to do that. And thanks for the question. To be honest, we've been clear with members of the Legislature and others, even prior to releasing this RFP, that we anticipated no more than two or possibly three vendors to be able to meet the State's requirements. Incredibly

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complicated program. The vendors, as I understand, need to be certified or something similar with SCMS (phonetic) and the federal government in order to deliver these services on our behalf. And we knew that there would not be a lot of competition --

COMPTROLLER LIERMAN: Okay.

MS. GRADY: -- for this, given also the pretty rigorous requirements on the State's part. So in particular, the law, as you know, anticipated a health reimbursement account for eligible retirees. And we have made the policy decision, together with colleagues across State government, to institute that rather than through reimbursement process, but via a debit card. That will ease tremendously the transition, we believe, for retirees and also ease the administrative burden on the State. That makes the requirements even more complicated.

COMPTROLLER LIERMAN: Got it.

MS. GRADY: And additionally, we are -- this contract is -- relates to prescription drug coverage only. We are maintaining health coverage for our retirees on the State plan. Many vendors who administer Medicare plans on behalf of employers, including governments, administer both the health and the drug. Ours is just the drug coverage.

So for these reasons, we knew it's going to be a very limited pool of vendors. There were ultimately, I believe, three vendors who potentially could have met minimum qualifications who did express interest in the RFP. One of them declined to bid. And the other notified us that, in fact, they did not meet the minimum qualifications, once they reviewed our specifications.

COMPTROLLER LIERMAN: Okay.

MS. GRADY: We are, at the same time, incredibly encouraged by the vendor who we have executed a contract with. Since --

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COMPTROLLER LIERMAN: A lot of experience.

MS. GRADY: -- this is an expedited procurement, we have already executed the contract. In fact, Christina and her team spent three days in-person here in Annapolis with the vendor's team last week kicking off. We're on a very aggressive timeline. We take to heart everything that Peta shared, and we appreciate her support and working with us through this. We know that it's incredibly aggressive. It's among the top two priorities for DBM this calendar year.

COMPTROLLER LIERMAN: Yeah.

MS. GRADY: And we are very encouraged by the team we're bringing on board.

COMPTROLLER LIERMAN: Thank you. Thanks for your work on it. It is really important. And I know the retirees will provide really important support to make sure that everybody knows what's happening. Because you're right, it can be really challenging, as Peta said. So thank you. Thanks, Secretary.

MS. GRADY: Any other questions?

TREASURER DAVIS: No questions.

GOVERNOR MOORE: So I really appreciate you and this work. Thank you. Thank you.

I'd also just like to very briefly call up Item 3-CGL. And that's just the Meritus Health's Meritus Medical Center and the osteopathic work taking place in Washington County. Actually, the Lieutenant Governor is on her way to Hagerstown in a few hours to go see the work over Meritus. And I just want to -- I just want to highlight this as not just really important for the field when we think about osteopathic medicine, but also how important it is for Western Maryland, the investment. And just again, continuing to highlight the fact that all parts of this State and being able to lift up particularly health supports all throughout the

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State, urban, rural, and suburban, becoming incredibly important. So I just want to highlight the work of 3-CGL.

May I have a motion to approve the DGS agenda?

COMPTROLLER LIERMAN: Motion to approve the DGS agenda.

GOVERNOR MOORE: And is there a second?

TREASURER DAVIS: Second.

GOVERNOR MOORE: Outstanding. Thank you so much.

MS. GRADY: Thank you very much.

GOVERNOR MOORE: With that, that concludes the meeting of the Board of Public Works. Next meeting will be on August 28th. Have a great few weeks, everybody. Thanks.

(Whereupon, at 10:59 a.m., the meeting was concluded.)