



**STATE OF VERMONT – AGENCY OF HUMAN SERVICES**

**Executive Summary**

**Medicaid Enterprise Solution Procurement**

**MES Selection Report**

**September 1, 2011**



## **Introduction**

The State of Vermont's Agency of Human Services (AHS) engaged Qualis Health to provide technical assistance with the procurement of a full-service Medicaid Management Information System (MMIS) and outsourced services, referred to as the Medicaid Enterprise Solution (MES). The State was seeking qualified partners to help realize its strategy for a robust and innovative replacement that aligned with Medicaid Information Technology Architecture (MITA) requirements for a Service-Oriented Architecture (SOA) solution and associated outsourced services.

Qualis Health began this engagement in February 2010, with AHS-identified project management and Steering Team members providing oversight and monitoring of the project. AHS also established, as needed for each process, various compositions of leaders and subject matter experts from across AHS to participate in the stages of the process to develop visioning requirements, review requirements, review the RFP, and evaluate proposals.

The State of Vermont's MES RFP was released November 24, 2010. Completed proposals were due initially by 3 p.m. (Eastern) on February 7, 2011, but were extended via amendment to March 8, 2011. Qualis Health facilitated the evaluation process and provided the scoring, weighting, and evaluation methodology to AHS for use in the selection of the vendor. In addition, Qualis Health provided its market expertise to the evaluation process through counseling and development of the scoring tools for use during this process. This afforded AHS an independent external organization to guide the evaluation process and ensure an unbiased selection process. Ultimately, however, AHS decided that it was in the State's best interest in order to re-evaluate the Agency's information technology strategy in light of the changing Federal mandates and recently passed State legislation leading to universal coverage for Vermonters.

We acknowledge the State's commitment and the dedication of the staff who contributed to this lengthy and intense process. Many individuals from across the Agency shared their visions, poured over evaluation material, and provided their honest insights in order to build a new and better Medicaid Enterprise for the future. We also wish to thank the State of Vermont's AHS for the opportunity to assist them with this procurement. The remainder of this document provides a high-level summary of the MES procurement.

## **Procurement Purpose and Strategy**

The State of Vermont took an innovative approach in their strategy for the procurement of a new MMIS. The new MES was born out of a vision to expand the concept of a traditional MMIS that focused on claims payment to a system that not only processes claims, but is also able to support the entire breadth of services provided to beneficiaries of all federal and State of Vermont health care programs administered by the AHS enterprise.

From the beginning, AHS wanted an innovative solution that met their current needs for a Medicaid system and could evolve to address a broader range of services and health care programs in the State. To that end, AHS sought a full-service MMIS and currently outsourced services, to be understood to encompass the broad-ranging MES. The State was seeking qualified partners to help realize its strategy for a robust and innovative replacement that aligned with the MITA framework, requirements for a SOA solution, MITA-aligned business processes, and associated outsourced services (e.g., Fiscal Agent).

The specific objectives of the RFP were to procure:

- A new MES that was SOA- and MITA-aligned and supported the State of Vermont's vision for health care
- Implementation services and project management support services
- MITA-aligned operational services including, but not limited to, services traditionally referred to as Fiscal Agent and Pharmacy Benefit Management services

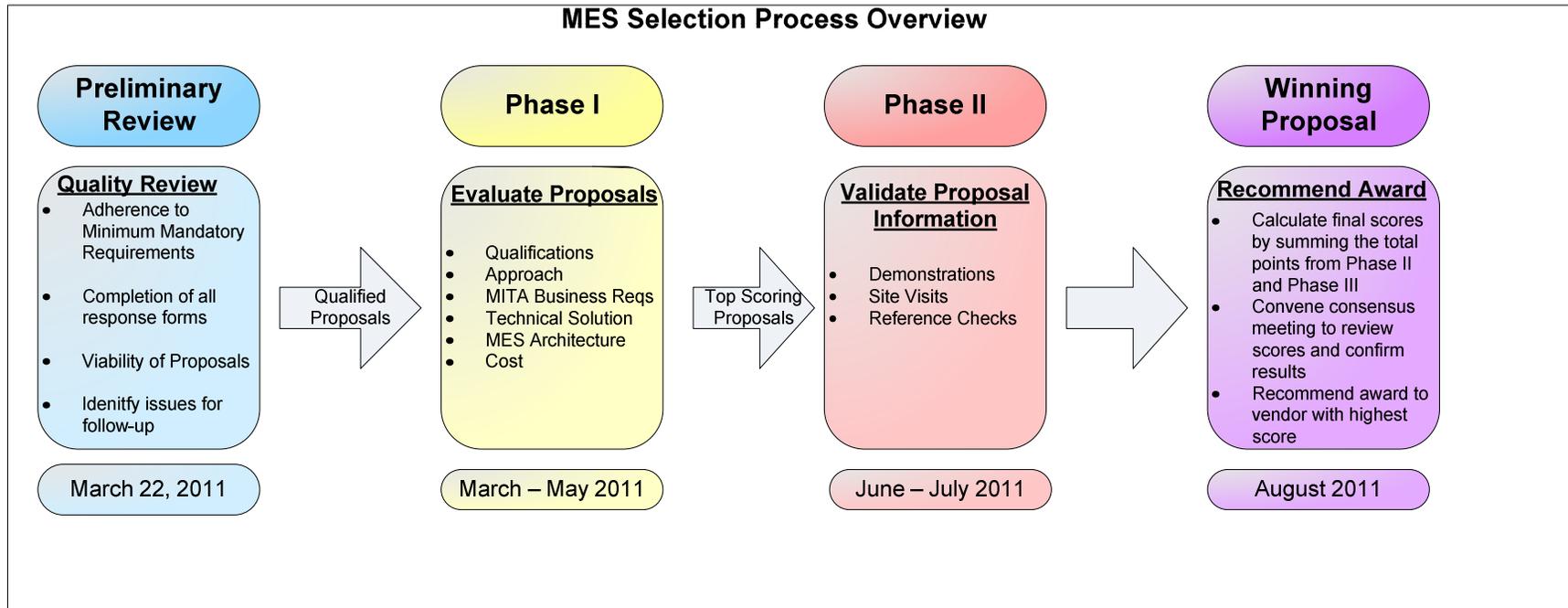
The State intended to establish a public and private collaborative partnership with the selected vendor to jointly develop the desired MES. Vendors were encouraged to propose solutions that encompassed any combination of outsourced services and automation support, either more or less than is currently utilized. Emphasis was placed on the most cost-effective and efficient suite of systems and services that would allow the State to fully meet the needs of its citizenry now and into the future. The State would only contract with one vendor as the prime contractor responsible for the solution even if the solution was made up of multiple products and subcontractor offerings.

## **Evaluation Process**

A public opening was held on March 18, 2011, at the State Procurement Offices. Four bids were received, and the vendors were:

1. ACS State Healthcare, LLC / A Xerox Company (ACS)
2. HP Enterprise Services, LLC (HPES)
3. MedMetrics Health Partners, Inc.
4. Molina Medicaid Solutions (Molina)

The Evaluation Process was divided into the phases presented in the following table:



A preliminary review of the proposals was conducted to ensure compliance with the general guidelines and format requirements of the RFP. Further review was then completed to ensure that the bids were complete and viable offerings, with a joint Qualis Health – AHS team took an initial look at the technology and service array proposed in each of the proposals. Of the four bids received, one bid was deemed incomplete and not viable as MedMetrics Health Partners, Inc., proposed a solution for pharmacy services only and expressed the desire to work with other vendors to cover the other enterprise services. The other three bids passed the preliminary review and were prepared for the Core Evaluation Team members.

The Evaluation Process was planned to consist of two phases:

1. Phase I: Proposal Review
2. Phase II: Validation

These two phases of the evaluation were primarily performed by a Core Evaluation Team appointed by the MES Steering Team. This 19-member evaluation committee was composed of subject matter experts from across the Agency who held expertise in one of the critical business areas that would be supported by the MES. They executed a rigorous process to identify the most qualified offering to meet the needs of the organization and the objectives of the procurement. The Core Evaluation Team also consulted with other select subject matter experts when necessary. Please see Appendices A and B of this document to view diagrams of the Phase I and Phase II Evaluation processes.

The Proposal Review was completed during the month of April 2011, and the final group consensus meeting to discuss the three proposals was held on May 13, 2011. ACS and HPES emerged as the leaders with Molina consistently scoring last in every category considered. The Core Evaluation team thus voted to advance ACS and HPES to the Phase II evaluation process.

The Phase II process began with each of the vendors participating in a two-day product demonstration session at an independent site in Waterbury. Each of the vendors was given the same eight scripted scenarios to perform for the Core Evaluation Team and other invited subject matter experts. The scenarios covered basic operational functions that AHS' staff routinely performs. The schedule also allowed for two periods of question-and-answer breakout sessions and a brief opportunity for each of the vendors to supplement the presentation with additional features or insights related to their implementation and ongoing support offerings. ACS presented on June 16 and 17, 2011, and HPES presented the following week on June 23 and 24, 2011.

Reference check calls were scheduled for three customers for each of the vendors, with one of the three calls on behalf of each vendor scheduled with a former customer. A five-member sub-group of the Core Evaluation Team was appointed by the MES Steering Team to conduct the calls on behalf of the entire team. The calls were scheduled as listed in the following table.

Reference Check Sites	
Vendor	Site
ACS	Virginia Department of Medical Assistance Services
ACS	Wyoming Department of Health, Office of Health Care Financing
ACS	Florida Agency for Health Care Administration, Medicaid Contract Management (former customer)
HPES	Pennsylvania Department of Public Welfare, Office of Medical Assistance Programs
HPES	Oklahoma Health Care Authority
HPES	Idaho Department of Health and Welfare (former customer)

The team completed three of the six scheduled calls. Site visits to one existing customer for each vendor were in the planning stages but had not yet been scheduled prior to the announcement to withdraw the RFP.

### Conclusion

The rigorous planning, visioning, development, and evaluation process for this procurement led the State to a truly objective assessment of its current MMIS and the systems and services marketplace. At the conclusion of the process, the State was better able to judge the appropriateness of the marketplace’s offerings and had a clearer picture of their future technology direction. Through this learning process, the State also came to understand that the current offerings may not meet their future needs. As a result, AHS elected to withdraw the MES RFP on July 8, 2011, in order to re-evaluate the Agency’s information technology strategy in light of the changing Federal mandates and recently passed State legislation leading to universal coverage for Vermonters. All procurement and evaluation activities were halted after the announcement was made.

The following table includes a summary of the scores for the two leading vendors up to the point the process halted.

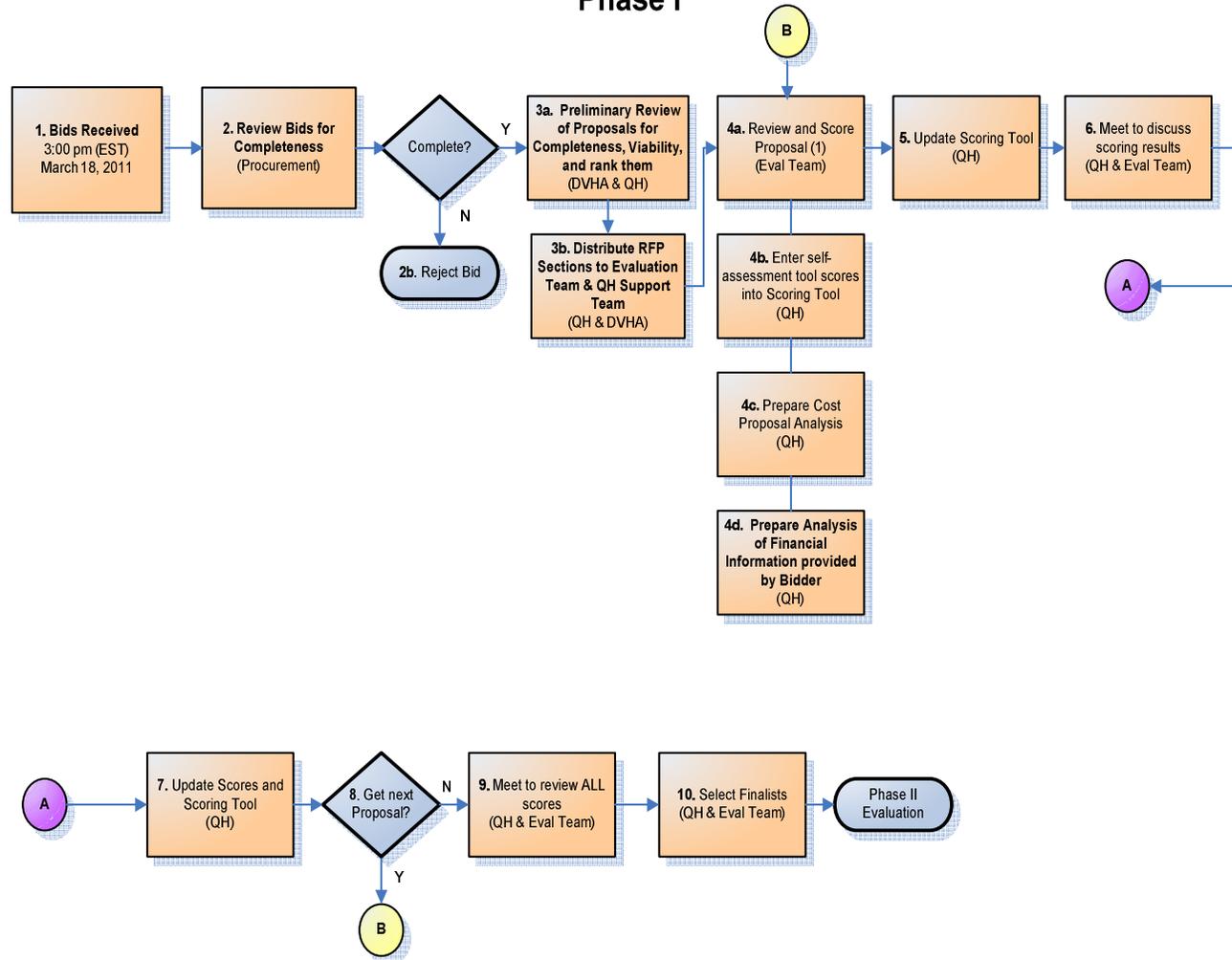
Phase	ACS	HPES
Phase I – Proposal Responses	2,135.5	1,943.3
Phase II – Demo, Reference Checks	2,338.8	1,827.0
<b>Grand Total Score</b>	<b>4,474.3</b>	<b>3,770.3</b>
Vendor Rank	1	2

Vermont is unique in their mandate to provide universal coverage for their citizens, and the operational planning for this initiative is in its infancy. While the vision and requirements defined for the MES will provide a solid foundation for the next RFP, the time is right for the State to review the requirements for completeness and revise them to include new mandates. The Agency hopes to revise and repost the MES RFP at a future date after review of additional requirements stemming from new Federal mandates and State legislation.

## **Appendix A**

# **Overview Schematic of Phase I Evaluation Process**

### VT MES Proposal Evaluation Process Phase I

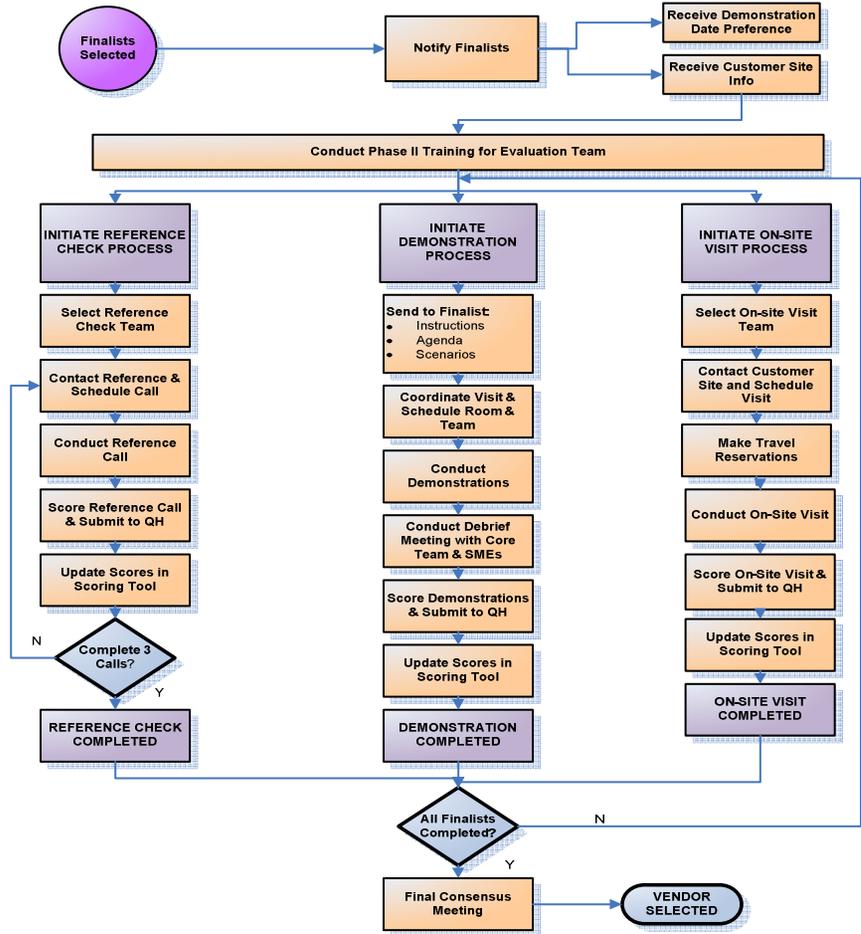


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## **Appendix B**

# **Overview Schematic of Phase II Evaluation Process**

### VT MES Proposal Evaluation Process Phase II



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