



Presentation to the Transition Legislative Oversight Committee

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Chief Policy Officer &

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May 24, 2018



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Transformation Update

September 1, 2016

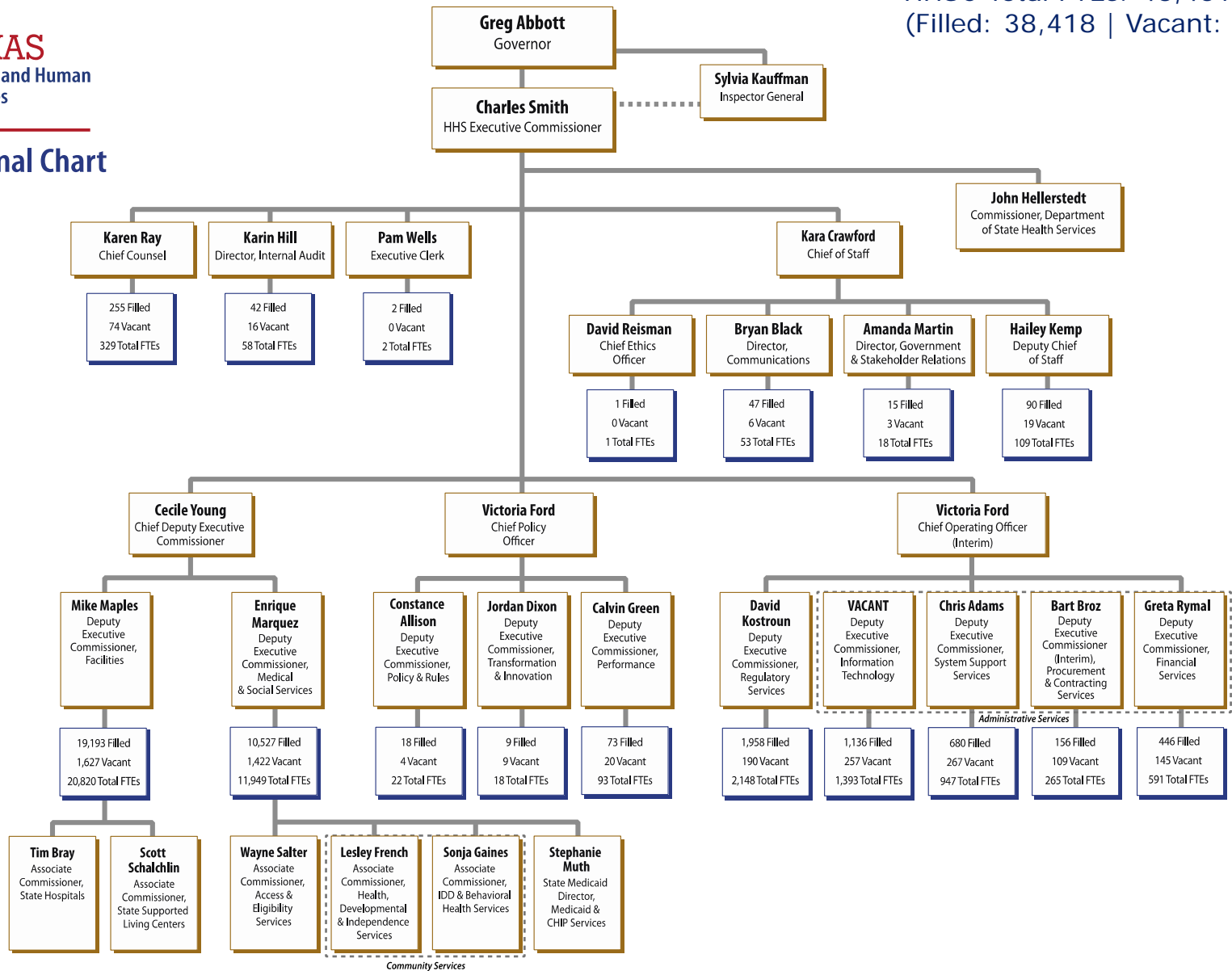
- Created the Medical & Social Services Division and transferred client services to HHSC.
- Consolidated most administrative services.
- Abolished DARS and transferred functions to HHSC.

September 1, 2017

- Created the Chief Policy Office.
- Created the State Operated Facilities Division.
- Created the Regulatory Services Division.
- Consolidated the remainder of administrative services.
- Abolished DADS and transferred functions to HHSC.
- Made DFPS a standalone agency, but HHSC continues to provide some administrative services.

Organizational Chart

May 14, 2018





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Looking Toward the Future

Leveraging the new org structure

Focus on HHS system priorities

Improving health
outcomes and
well-being

Supporting
independence for
people and families

Driving efficiency
and accountability

Achieve through system-wide strategies

- Stronger program connections
- Policy development & implementation
- Process improvements
- Evolved governance
- Technology solutions
- Performance measurement
- Data-driven decisions



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HHSC Report to TLOC

By July 31, 2018, report and recommend:

- Whether each statutory advisory committee should be reestablished in rule, consolidated, or permanently discontinued;
- The need to continue DSHS as a state agency separate from HHSC;
- An assessment of the quality and consistency of data sharing, communication, and coordination between DFPS and HHSC;
- An assessment of any known or potential conflicts of interest concerning licensing and regulation activities by DFPS or HHSC; and
- An assessment of administrative efficiencies and associated savings as a result of Transformation (Special Provision 26, SB 1, 85th Legislature, Regular Session, 2017).



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TLOC Reports to the Governor and Legislature

By December 1, 2018, report and recommend:

- The need to continue DSHS as a state agency separate from HHSC; and
- An assessment of data sharing, communication, and coordination between DFPS and HHSC.

By December 1, 2018, provide an update on the progress of and issues related to:

- The transfer of functions to HHSC and DFPS, including the need for any additional statutory changes required to complete the transfer of prevention and early intervention services functions to DFPS; and
- The reorganization of HHSC's administrative structure and other provisions enacted by SB 200.



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Overview of Procurement & Contracting Services



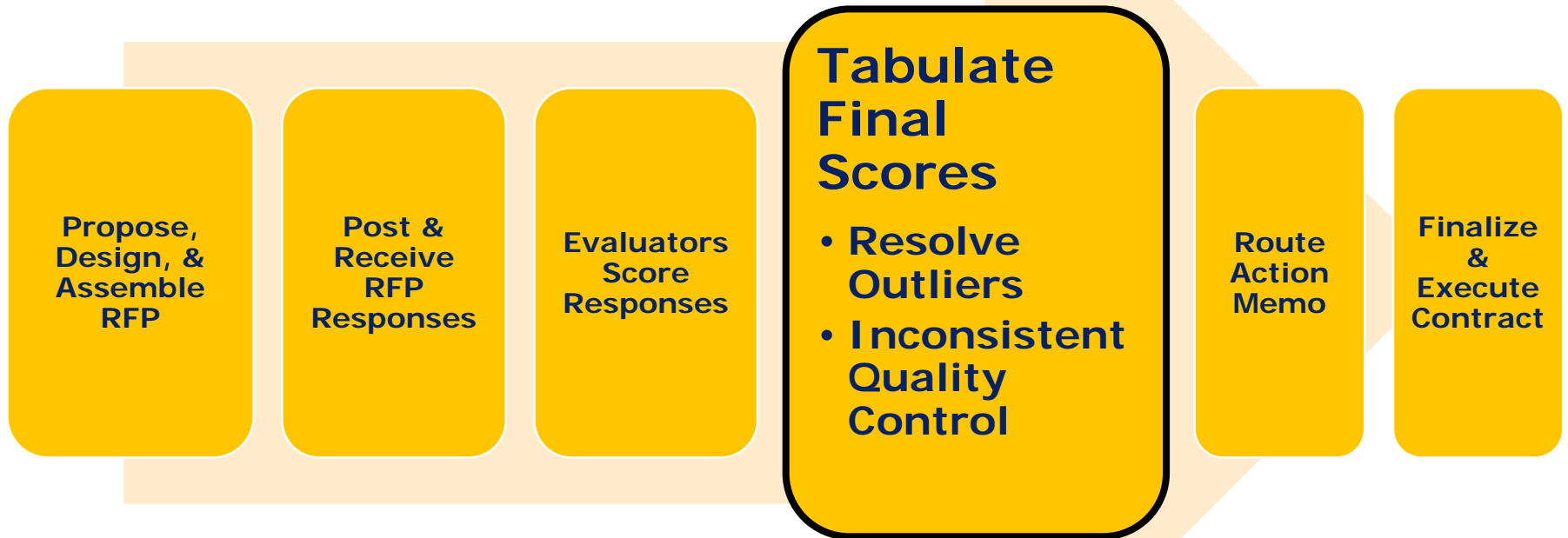
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Three Key Goals

1. HHSC is doing everything it can to ensure there are no interruptions in services to clients.
2. HHSC is working to ensure there are no financial impacts to the state.
3. HHSC is committed to improving the agency's procurement processes and restoring accountability and integrity to the process.

Procurement Process & Staff Issues

Failure of management to hold staff accountable for following processes attributed to errors in the scoring process.





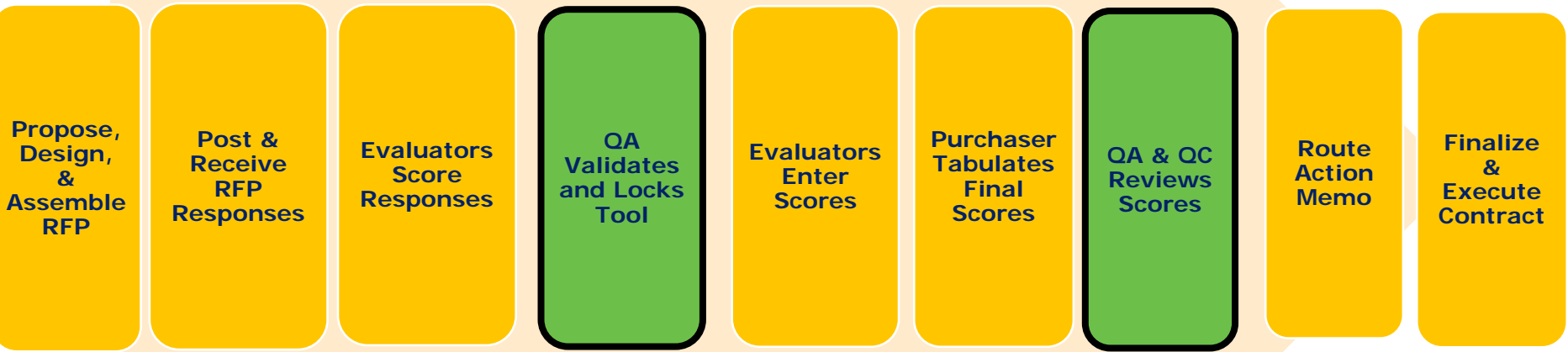
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Improvements to Procurement Processes to Date

HHSC brought in experts from the Comptroller's Office, Department of Information Resources, and Internal Auditor to help with its procurement processes.

- Strengthened the procurement checklist, which will help ensure all steps in the process are completed in accordance with state law.
- Developed an approved, standardized scoring tool, which is now owned and locked by Quality Assurance (QA) to ensure correct processes going forward.
- Creating a new Quality Control (QC) team to increase oversight and triple check the scoring process before contracts are finalized.

New Steps in the Procurement Process



From start to finish, the procurement checklist is used to ensure all steps of the process are completed consistently and correctly.





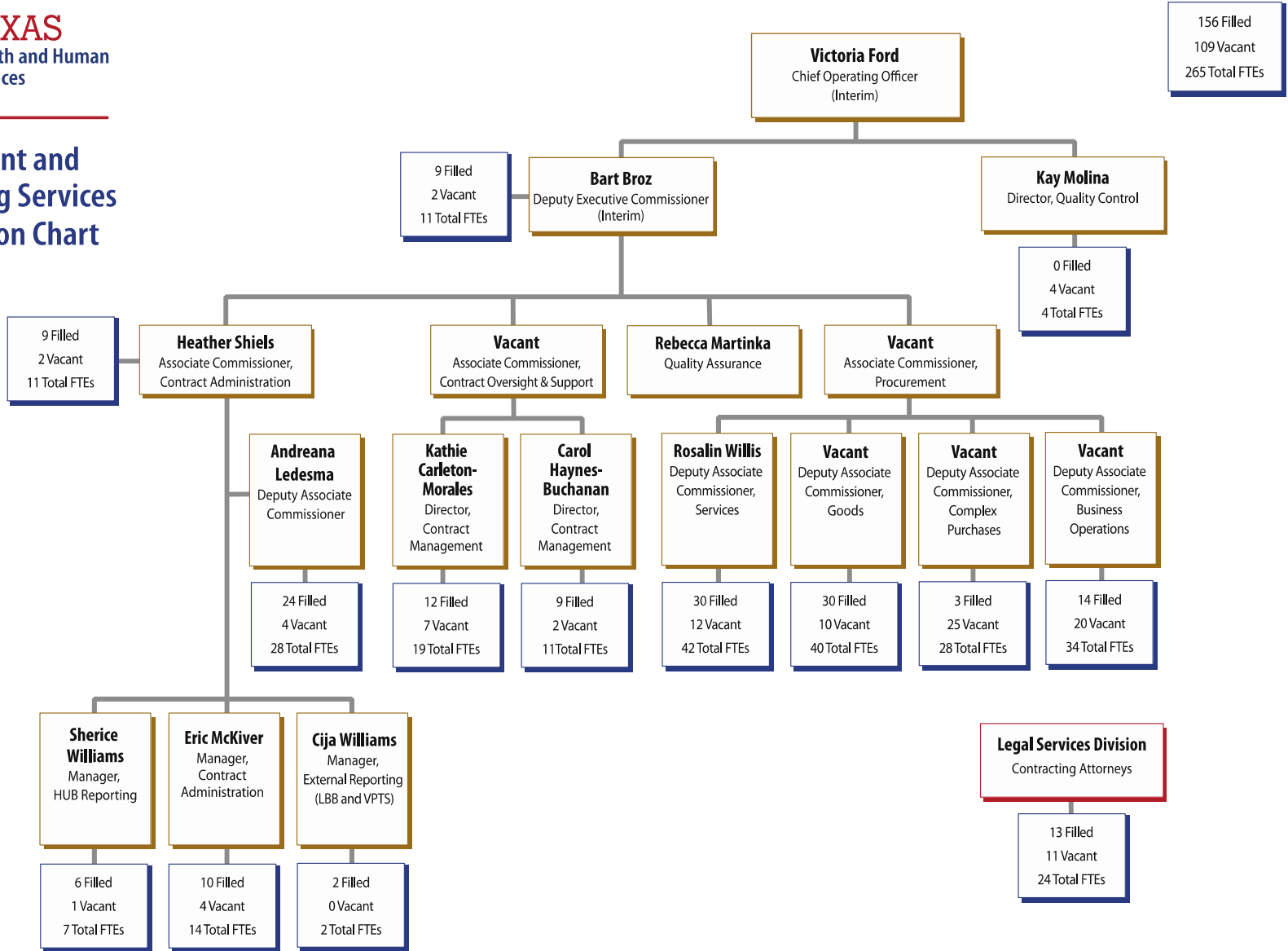
Staffing and Training

HHSC continues to fill critical vacancies in the Procurement & Contracting Services (PCS) Division.

- Selected Bart Broz to serve as the acting Deputy Executive Commissioner for PCS.
- Hired Kay Molina as the Procurement & Contracting Quality Control Director.
- Moved other staff from within the agency to help with PCS until vacancies are filled.
- Increased accountability and empowered management to make sure the procurement process is done right.
- Providing additional training to ensure staff correctly and consistently follow policies and procedures.

Procurement and Contracting Services Organization Chart

May 14, 2018



Reviews of Procurement Process

HHSC PCS

- Purpose: Make recommended changes to master evaluation tool, validate evaluation scores for existing procurements, enhance quality assurance processes, and implement other process improvements directed by audit and review teams.
- Estimated Completion Date: Ongoing

HHSC Internal Audit

- Purpose: Review master evaluation tool and identify improvements (complete). Review procurement processes for consistency and compliance with state requirements and evaluate risk-based sample of past procurements to identify patterns of weaknesses.
- Estimated Completion Date: Summer 2018

State Auditors Office

- Purpose: Audit sample of past contracts to determine if contract management requirements were met.
- Estimated Completion Date: TBD

HHSC Inspector General

- Purpose: Investigate CHIP Rural Service Area procurement to determine presence of intentional misconduct.
- Estimated Completion Date: TBD

HHSC Quality Control Team

- Purpose: Validate refined tool and quality control processes. Review and validate existing procurements scoring prior to awards.
- Estimated Completion Date: September 2018 and Ongoing

Expert Consultant for Process Redesign

- Purpose: Assess current procurement and contracting policies, procedures, and practices; determine root causes of issues related to accuracy and integrity of the PCS system as identified by other reviews; develop an improvement plan to address root causes; and evaluate the effectiveness of implementing reforms identified by other reviews.
- Estimated Completion Date: TBD – vendor will begin work July 2018



Sunset Implementation Update

Sunset Recommendation	Status
<p>1.2 – Direct the Executive Commissioner to report to TLOC on how the reorganized structure emphasizes information technology and contracting so that these functions receive ongoing high-level attention to help ensure their proper performance.</p>	<p>Complete – HHSC has taken the following actions:</p> <ul style="list-style-type: none">• Submitted the HHS Transition plan to TLOC.
<p>2.3 – Require HHSC to better define and strengthen its role in both procurement and contract monitoring.</p>	<p>Complete – HHSC has taken the following actions:</p> <ul style="list-style-type: none">• Clarified and standardized HHSC’s role over enrollment contracts.• Completed, and continues to maintain, contract management handbook and risk analysis.• Completed contract database.• Consolidated Contract Oversight and Support functions and made this area report directly to the Deputy Executive Commissioner of PCS.• Required the Executive Commissioner to sign all contracts over \$1 million.• Developed an ongoing reporting structure that shows corrective actions and damages for large contracts.



Sunset Implementation Update

Sunset Recommendation	Status
<p>2.4 – Direct HHSC to improve assistance to and communications with the HHS system.</p> <p><i>At the time Sunset published its Compliance Report in January 2017 , this recommendation had not been fully implemented.</i></p>	<p>Complete – HHSC has taken the following actions:</p> <ul style="list-style-type: none"> • Strengthened technical assistance. • Designated points of contact within the HHS system. • Established a training unit. • Created a new procurement and contracting database.
<p>2.5 – Direct HHSC to develop ways to apply focused, high-level attention to system contracting.</p> <p><i>At the time Sunset published its Compliance Report in January 2017 , this recommendation had not been fully implemented.</i></p>	<p>Complete – HHSC has taken the following actions:</p> <ul style="list-style-type: none"> • Involved HHSC management, including the Executive Commissioner, in major contracts. • Structured contracting to ensure close coordination with contractors while still maintaining objectivity when assessing compliance. • Consolidated, streamlined, and updated HHS contracting rules. • Restructured PCS. • Created new Legal Contracts Department. • Implemented and monitors Data Use Agreements. • Evaluated and streamlined RFP process. • Reconstituted the Contract Council. • Adopted a procurement and contracting code of ethics.

