



# **Presentation to the House Government Transparency & Operations Committee on Contracting**

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**Health and Human Services Commission**

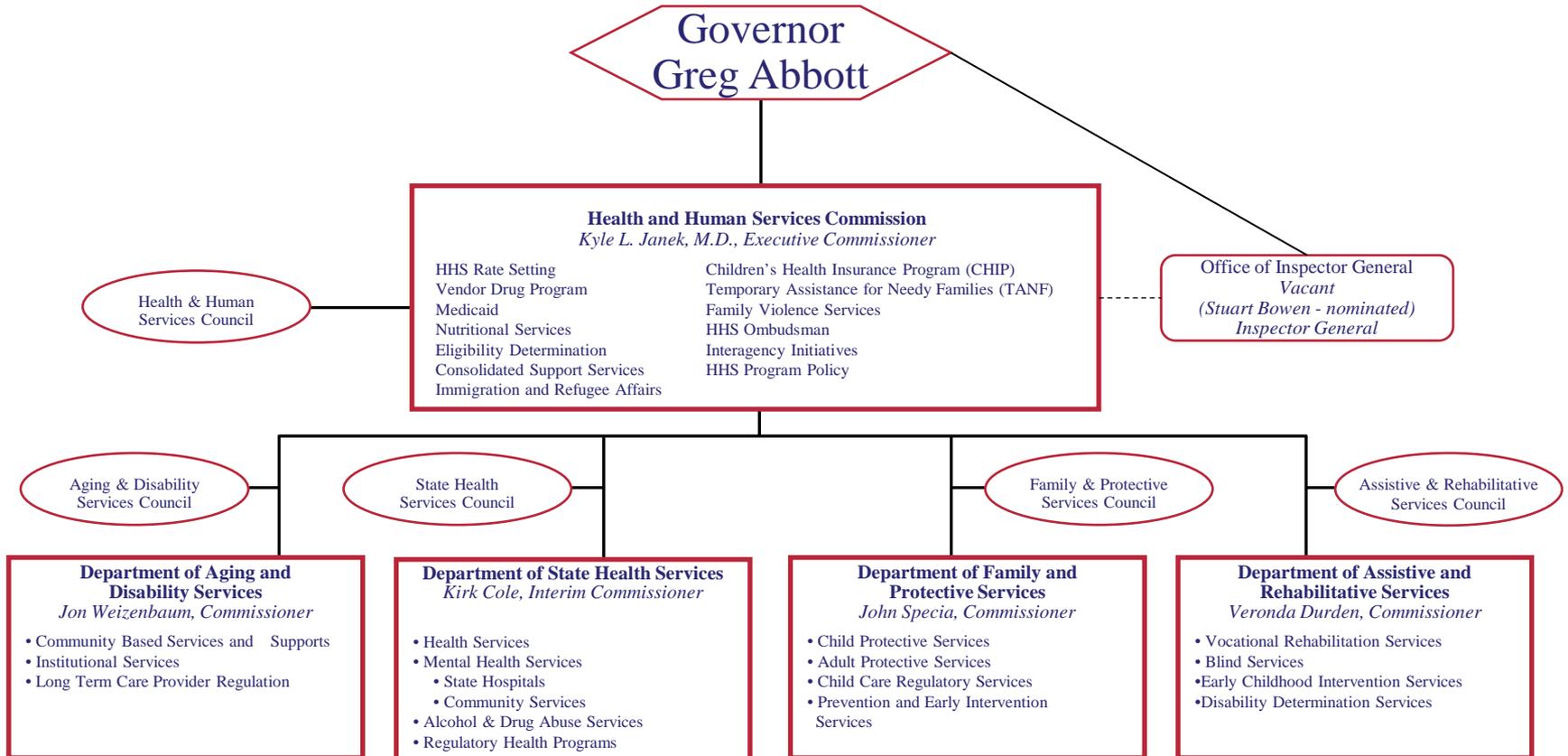
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February 17, 2015**

## Texas HHS Overview

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- The Texas health and human services system includes five agencies, four of which operate under the oversight of the Health and Human Services Commission
- Together, these five agencies administer more than 200 programs ranging from Medicaid to Child Protective Services to regulatory and licensing functions

# HHS Organization



# Contracting Overview

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- HHSC consolidated procurement services in 2013
  - The HHS procurement division now makes purchases of administrative and client services for HHS agencies
  - The consolidation of procurement services is an ongoing process
- The HHS procurement division is working to identify contracting solutions that meet our unique needs

# Procurement Types

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- Types of procurement at HHSC include:
  - Competitive solicitations – RFPs
  - DIR Information Technology purchases
  - Open enrollment contracts
  - Emergency procurements

# Procurement Types: Competitive Solicitations - RFPs

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## Competitive Solicitations - RFPs

- Enterprise procurement issues Requests for Proposals (RFPs) to seek bids from all eligible companies and providers
- All staff involved in writing the RFP or evaluating the responses must disclose any conflicts of interest
- Staff negotiates with qualified respondents to get the best possible price and highest performance standards before entering a contract
- RFPs are awarded to the companies with proposals representing the best value for the state
- Examples: Medicaid health plan contracts, call center operations and other eligibility support services

# Procurement Types: DIR Information Technology Purchases

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## DIR Information Technology Purchases

- State law requires agencies to buy IT goods and services off Department of Information Resources' (DIR) contracts or get an exemption from DIR
- Getting quotes from multiple vendors is suggested but not required by DIR rules
- Examples: printers/copiers for offices, leases and purchases for agency PCs and laptops, and staff augmentation for additional or specialized IT support

# Procurement Types: Open Enrollment

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## Open Enrollment

- Agency establishes qualifications and any eligible provider can enroll to provide that service
- Providers in open enrollment contracts are paid standard rates set by the agency
- Example: pharmacies, hospitals and nursing facilities

# Procurement Types: Emergency Procurement

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## Emergency Procurement

- An immediate purchase of goods or services to prevent a hazard to life, health, safety, or welfare
- Used when the agency does not have time to complete a competitive procurement
- To ensure such purchases are only used when absolutely necessary, the agencies will be providing the enterprise procurement division with annual procurement plans of upcoming needs

# Ongoing Improvements

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- HHSC has implemented steps that go above and beyond current law:
  - Disclose any emergency or sole-source contracts, as well as the reason for citing those as emergency or sole-source eligible
  - Review existing contracts for conflicts of interest in both procurement and contract management and development of conflict of interest safeguards that go beyond those currently in state law
  - Require the Executive Commissioner or Chief Deputy Executive Commissioner signature on large or complex contracts

# Ongoing Improvements

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- HHSC has established new policies to ensure a higher level of scrutiny for purchases of \$25,000 or more through DIR contracts:
  - The project must be approved by IT and Legal staff before seeking quotes
  - Projects valued at \$25,000 or more will be sent to all companies approved by DIR for that service or product category so that all eligible companies have the opportunity to submit a bid
  - We will follow the same evaluation process used for competitive procurements, including negotiations
  - These policies were effective January 5, 2015

# Ongoing Improvements

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- HHSC is also working on continued improvements to all contracting systems:
  - Reviewing all purchases, to identify goods and services that could be procured by TPASS or DIR as Term or Master Contracts for the state
  - Reviewing the adequacy and effectiveness of ethics disclosures
  - Continuing to enhance expertise of the Procurement and Contracting Services division
  - Identifying needed improvements to the HCATS contract management system and ensuring all agencies use this one system for contract management