



**STATE OF ARKANSAS
BUREAU OF
LEGISLATIVE RESEARCH**

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**REPORT OF
THE HOSPITAL & MEDICAID STUDY SUBCOMMITTEE
OF THE ARKANSAS LEGISLATIVE COUNCIL**

October 25, 2013

Dear Co-Chairs:

The Hospital & Medicaid Study Subcommittee of the Arkansas Legislative Council met September 24, 2013. The meeting discussed the concerns several members had regarding the disqualification of a vendor from bidding on an \$80,000,000 contract to replace the Arkansas Medicaid claims and data processing system.

The concerns centered around the process used by the State Procurement Office to disqualify a bidder without checking all of the references supplied by the bidder. The bid of Client Network Services, Inc. (CNSI) was disqualified based on a negative reference from Louisiana procurement officials. There was also concern that an Arkansas procurement official inaccurately described a Utah official as making negative comments about the company's work in that state.

The subcommittee heard from Richard Weiss, Director, Finance & Administration, who said the information from Utah only played a minor role in the Office of State Procurement's decision to disqualify Client Network Services, Inc. Mr. Weiss admitted that the Office of State Procurement did not adhere to their own internal policy to verify all references.

Adnan Ahmed, Chief Executive Officer, CNSI told the subcommittee that the company has never been contacted about a federal investigation and that Louisiana officials had hastily terminated their contract. He also said that his company had spent more than \$1,000,000 preparing their proposal in Arkansas.

The subcommittee members asked many questions of Mr. Weiss and Mr. Ahmed, and a lengthy discussion followed.

Respectfully Submitted,

Senator Jason Rapert

Representative Andy Davis

JR:AD:PP:jw