

Background on CH Mack, CoCENTRIX, and Pine Bluff Psychological Associates

(5/15/15)

Other legislative committees held hearings on this issue during the 2014 Interim. Because of these hearings, new requirements were put into the rules by Legislative Council on December, 2014. The rule now requires PEER/REVIEW to look at these types of contracts before the execution date, many of which have not been reviewed by the legislature before. See letter from ALC to the Office of State Procurement (OSP) dated January 5, 2015. Legislator(s) were drafting bills to put these rule changes into the Statutes during this 2015 legislative Session

TIMELINE

CH Mack

DHS contracted with CH Mack in 2011 to provide a functional Universal Assessment tool to evaluate Developmental Disabilities (DD) clients

To date, CH Mack has failed to supply a working product

This contract was a technical services contract. No legislative review was required

The initial term of the contract was from 05/2011 until 05/2012. Jane Benton at the OSP authorized a unit price of \$615,000 for the software licenses. That was for the purchase of 125 MedCompass licenses. There were other contract expenses. Total price was \$2.14 million. The Scope of Work (SOW) states an additional 200 users (licenses) were anticipated within 2 years. There were 6 available annual extensions under the procurement

In the following year, two things happened. First the Division of Aging & Adult Services (DAAS) renewed their contract. Second, additional DHS divisions decided to purchase more licenses. OSP determined those purchases were "exempt by law" per an "EL" under A.C.A. §19-11-203 (14)(B)(B). No report was required on those purchases since it was an EL. The Sole Source Checklist from OSP appeared to specifically exclude purchases of \$100,000 or more if they were EL and existing software.

DHS Developmental Disabilities Services (DDS) entered into a SOW in May 2012 based on their purchase CH Mack expenditures paid by DMS – Total \$4,837,459.48 (DMS OPR: Stephanie Stowe)

DHS Division of Medical Services (DMS) "Stop Payment/Corrective Action Plan" Letter to CH Mack, Dated September 20, 2014 (OPR: Tami/Tim)

DMS "Resume Payment" Letter to CH Mack, Dated February 11, 2014 (OPR: Tami/Tim)

DMS "No Renewal" Letter to CH Mack, Dated March 17, 2014

CoCENTRIX

DHS signed a licensing agreement with CoCENTRIX to fix the Assessment Tool

There was no solicitation for the contract. Initially, DHS had a small sole source contract to pilot the product with DBHS. Then DHS purchased the product from a state cooperative purchase agreement already in place at OSP. Thus no RFP or RFQ was required

There have been no complaints yet about CoCENTRIX's work

Due to ongoing issues with CH Mack MedCOMPASS, DHS did a sole source Behavioral Health pilot with CoCENTRIX from October 2013 – June 2014 for about \$65,625 (OPR: Tami/Tim)

CoCENTRIX performed well and was added as a vendor to DFA's WSCA LAR contract on May 2, 2014 (OPR: Jared Chaney, DFA/OSP)

DHS signed an initial "licensing agreement" with CoCENTRIX on June 3, 2014, an Amendment to the initial agreement is in works (OPR: Tim)

DHS continues to work with CoCENTRIX to develop Universal Assessment for assessment and plan of care functionality (OPR: Tim)

Pine Bluff Psychological Associates

They were hired to implement the Assessment Tool and use it to evaluate their Developmental Disability clients, then put their findings into a modeling summary designed by CH Mack

They were unable to import their evaluations into the Assessment Tool

Some of the DD facilities did not like having Pine Bluff Psychological Associates coming in and doing assessments/evaluations of their clients

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January 5, 2015

Ms. Camber Thompson, Director
Office of State Procurement
DFA Building, Suite 300
1509 West 7th Street
Little Rock, AR 72201

Dear Ms. Thompson:

Arkansas Code § 19-11-265 establishes the process for the review of technical and general services contracts entered into by the State of Arkansas. Currently, only those technical and general services contracts in the areas of information technology, the actual delivery of health care or human care services or educational review which exceed \$100,000 are subject to review by either the Legislative Council or the Joint Budget Committee. However, subsection (b) of this section provides that the Legislative Council or the Joint Budget Committee may review any contract or group of contracts contemplated by the section.

This letter is to advise you that effective immediately the Legislative Council, acting through ourselves as co-chairs of Legislative Council, will require review of all technical and general services contracts before the execution date of the contract for those technical and general services contracts which exceed \$100,000. The request for review of all technical and general services contracts, regardless of the purpose of the contract, shall be submitted to the Joint Budget Committee if the General Assembly is in session and to the Legislative Council during the interim and shall be submitted in the same manner as all other contracts submitted to either the Joint Budget Committee or the Legislative Council.

Should you have any questions, please do not hesitate to contact Marty Garrity at 501-537-9114.

Respectfully,

Senator Bill Sample
Senate Co-Chair

Representative John Charles Edwards
House Co-Chair

BS/JCE/MG:vjf

cc: Mr. Richard Weiss, Director, Department of Finance and Administration
Mr. Kevin Anderson, Assistant Director, Division of Fiscal Services
Ms. Kathy Schmidt, Legislative Analyst, Division of Fiscal Services

***Total Expenditures by Year for CH Mack DAAS, DDS,
and OLTC
as of 04/30/14***

DAAS	Year	Total Amount Expended
	2011	223,108.00
	2012	1,420,644.65
	2013	698,196.60
	2014 to 04/30/14	150,000.00
	Total for All Years	2,491,949.25

OLTC	Year	Total Amount Expended
	2012	-
	2013	1,282,744.53
	2014 to 10/23/13	-
	Total for All Years	1,282,744.53

DDS	Year	Total Amount Expended
	2012	550,000.00
	2013	446,109.00
	2014 to 04/30/14	66,656.70
	Total for All Years	1,062,765.70

**Total Expenditures by Year for CH Mack DAAS, DDS,
and OLTC**

DAAS	Year	Total Amount Expended	Federal Paid	SGR Paid
	2011	223,108.00	111,554.00	111,554.00
	2012	1,420,644.65	710,322.33	710,322.33
	2013	685,696.60	342,848.30	342,848.30
	2013 (Employment Assessment	12,500.00	12,500.00	-
	2014	150,000.00	75,000.00	75,000.00
	Total for All Years	2,491,949.25	1,252,224.63	1,239,724.63

OLTC	Year	Total Amount Expended	Federal Paid	SGR Paid
	2013	1,282,744.53	641,372.27	641,372.27
	Total for All Years	1,282,744.53	641,372.27	641,372.27

DDS	Year	Total Amount Expended	Federal Paid	SGR Paid
	2012	550,000.00	275,000.00	275,000.00
	2013	446,109.00	223,054.50	223,054.50
	2014	66,656.70	33,328.35	33,328.35
	Total for All Years	1,062,765.70	531,382.85	531,382.85

***Total Expenditures by Year for Cocentrix Universal
Assessment***

	Year	Total Amount Expended	Federal Paid	SGR Paid
	2015 Paid through 03/31/15	8,837,673.20	6,846,836.60	1,990,836.60
	Total for All Years	8,837,673.20	6,846,836.60	1,990,836.60

Total Expenditures by Year for Northrup Grumann

	Year	Total Amount Expended	Federal Paid	SGR Paid
	2014	423,059.72	211,529.86	211,529.86
	2015 through 03/31/15	476,853.51	238,426.76	238,426.76
	Total for All Years	899,913.23	449,956.62	449,956.62