



STATE OF ARKANSAS
**Department of Finance
and Administration**

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November 19, 2015

Senator Bill Sample, Co-Chair
Representative David Branscum, Co-Chair
Senator Bart Hester, Co-Chair
Representative Jeff Wardlaw, Co-Chair
Arkansas Legislative Council
State Capitol, Room 171
Little Rock, AR 72201

RE: Emergency Contract Review

Dear Senators Sample and Hester and Representatives Branscum and Wardlaw:

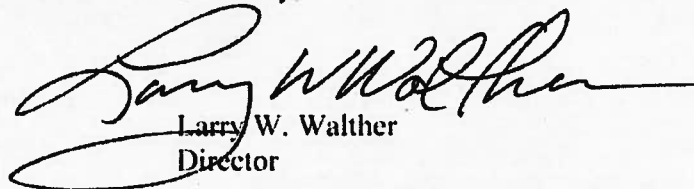
In accordance with the Arkansas Legislative Council Rule 17, Emergency Action, the Department of Human Services has one professional and consultant services contract that is time sensitive and requires immediate review. The Office of State Procurement of the Department of Finance and Administration respectfully requests an emergency review of this contract that will serve in the best interest of the State.

The Department of Human Services, Division of Medical Services wishes to enter into contract #4600036222 with Deloitte Consulting, LLP in the amount of \$2,016,000. The contractor will provide assistance to beneficiaries concerning Internal Revenue Service Form 1095-B. The 1095 is a new Federal requirement under the Affordable Care Act (ACA) which requires State Medicaid programs to provide additional tax forms to eligible members. The additional 1095-B tax form will allow Arkansas citizens enrolled in Medicaid during 2015 to prove they met the minimum essential coverage requirements and avoid penalties incurred under the ACA.

Should you have any questions or require additional information, please contact Mark White, Deputy Director, of the Arkansas Department of Human Services, at (501) 682-6311.

Your consideration of this request is respectfully submitted.

Sincerely,

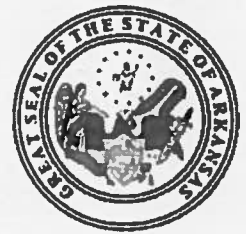


Larry W. Walther
Director



Office of Director

P.O. Box 1437, Slot S201 · Little Rock, AR 72203-1437
501-682-8650 · Fax: 501-682-6836 · TDD: 501-682-8820



November 19, 2015

Camber Thompson
Office of State Procurement
1509 West Seventh Street, 3rd Floor
Little Rock, Arkansas 72201

Re: Request for Emergency Review of PCS Contract
Deloitte Consulting

Dear Mrs. Thompson:

The purpose of this letter is to request an emergency review in conjunction with the required review process for the attached professional services contract.

This contract was developed to provide assistance to beneficiaries concerning Internal Revenue Service (IRS) Form 1095B. The 1095 is a new Federal requirement under the Affordable Care Act (ACA) which State Medicaid programs must provide additional tax forms to eligible members. The additional 1095-B tax form will allow Arkansas citizens enrolled in Medicaid during 2015 to prove they met the minimum essential coverage requirement. Arkansas citizens receiving minimum essential coverage through Arkansas Medicaid will be able to avoid the penalty incurred under the ACA for not having insurance.

Holding this contract until the next scheduled review is not possible. The system must be operational and producing forms by January 2016 as federally required by the ACA.

Your favorable consideration and review of this contract is appreciated.

Sincerely:

A handwritten signature in black ink, appearing to read "Mark White".

Mark White
DHS Deputy Director

**SUMMARY SCHEDULE OF STATE AGENCY CONTRACTS
FOR ARKANSAS LEGISLATIVE COUNCIL REVIEW
AS REQUIRED BY ARKANSAS CODE 19-11-1006**

Out-of-State Contracts

1. Agency: Human Services Department	Contractor: Deloitte Consulting, LLP	
Div/Prog: Medical Services	Location: Hermitage	State: TN
Total Authorized:	Org. Term: 11/20/2015 06/30/2016	Procurement: SSJ
Total After Review: \$2,016,000.00	Funding: Federal - 75% - Medicaid (CFDA 93.778)-75%; State - 25%	
Total Projected: \$2,016,000.00	Contract Number: 4600036222	
Org/Amt:	Amount	Paid To Date
		Objective:
		New Exp Date

Original: 2,016,000.00

The contractor will provide assistance to beneficiaries concerning Internal Revenue Service (IRS) Form 1095B. The contractor will utilize the mutually agreed upon process for verification to all the contractor's staff to effectively assist in resolving issues or concerns pertaining to correct address information. Contractor staff will access mailing status, make corrections and generate new IRS 1095B mailing requests.



Division of Medical Services

P.O. Box 1437, Slot S401 - Little Rock, AR 72203-1437
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TO: Camber Thompson
FROM: Dawn Stehle, Director, Division of Medical Services
DATE: October 27, 2015
SUBJECT: Request for Sole Source Procurement

Camber Thompson

The Department of Human Services (DHS), Division of Medical Services (DMS), requests approval for a sole source professional service contract with Deloitte.

The purpose of this agreement is to procure a Commercial Off The Shelf (COTS) product with technical support for installation. The Department of Human Services, Division of Medical Services (DMS) is federally mandated by the Center for Medicare and Medicaid Services (CMS) and the Internal Revenue Service (IRS) to deliver the 1095 tax form to the citizens of Arkansas who received minimum essential coverage through Arkansas Medicaid in 2015.

The seven questions for this proposed sole source contract between DHS/DMS and Deloitte are addressed below.

1. Why is this service needed?

The 1095 is a new Federal requirement under the Affordable Care Act (ACA) which State Medicaid programs must provide additional tax forms to eligible members. The additional 1095-B tax form will allow Arkansas citizens enrolled in Medicaid during 2015 to prove they meet the minimum essential coverage requirement. Arkansas citizens receiving minimum essential coverage through Arkansas Medicaid will be able to avoid the penalty incurred under the ACA for not having insurance.

2. What method(s) were used to determine that a lack of responsible/responsive competition exists for this service?

The contractor is the only entity with a deployed COTS modular solution in production in other States. This is a critical factor in the selection as the system must be operational and producing forms by January 2016 as federally required by the ACA.

3. How was it determined that this provider possesses exclusive capabilities?

Deloitte is the only entity already established and operational with this system and able to provide the needed services without interruption. Deloitte has demonstrated a high degree of competence in this requirement based on prior experience in other States, CMS mandates and the MMIS industry. It is not practicable for DMS to attempt to produce this system in house with the limited resources available.

4. Why is this service unique?

The extraordinary complexity of procuring and subsequently implementing this federally mandated systems and services is a monumental task that requires a combination of MMIS industry knowledge and experience, knowledge and experience with CMS mandates, processes and procedures, and

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Protecting the vulnerable, fostering independence and promoting better health

understanding of the IRS requirement. Current experience and planning activities are essential, and services provided by Deloitte are uniquely suited to meet the needs of the DHS and DMS organizations to result in the most timely, less risk, and efficient implementation of the systems and services.

5. **Are there patent or proprietary rights which make this service unavailable from other sources?**

Deloitte has created proprietary web based software and tools. Use of these resources would not be available to DMS under another contractor.

6. **What would your agency do if the provider of service were no longer available?**

The Division of Medical Services would have to rely on limited staff resources within their organization to design, develop, and implement a system in under two months. Due to limited technical capable staff and the ongoing workload, there would definitively be further delays in the project to implement the federally mandated requirements that will result in added expense for DHS.

7. **Fully detail any program considerations which make the use of a sole source critical to the completion of the agency's task.**

The Department of Human Services, Division of Medical Services (DMS) is federally mandated by the Centers for Medicare and Medicaid Services (CMS) and the Internal Revenue Service (IRS) to comply with the Affordable Care Act (ACA) requirement. If we do not meet these requirements as required by CMS and the IRS we would be out of federal compliance and federal penalties could be possible.