



STATE OF ARKANSAS  
Department of Finance  
and Administration

## OFFICE OF STATE PROCUREMENT

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## SPECIAL PROCUREMENT DETERMINATION

Special Procurement  
for DHS - Medical  
Services + Cognosante

**From:** Edward R. Armstrong,  
Director, Office of State Procurement

**Date:** May 19, 2016

**Subject:** Special Procurement for the Arkansas Department of Human Services  
Division of Medical Services

Out-of-State Contract # 1

Pursuant to Ark. Code Ann. § 19-11-263, the Director of the Office of State Procurement (OSP) may initiate a special procurement when he or she determines that an unusual or unique situation exists that makes applying the requirements of competitive bidding, competitive sealed bidding, or competitive sealed proposals contrary to the public interest. Ark. Code Ann. § 19-11-263(a). This determination must be in writing and explain the basis for the special procurement and for the selection of the particular contractor.

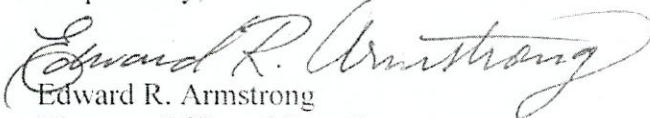
The Arkansas Department of Human Services (DHS), Division of Medical Services (DMS) is federally mandated by the Centers for Medicare and Medicaid Services (CMS) to comply with Medicaid Information Technology Architecture (MITA) standards for new Medicaid systems designed to be significantly more integrated with other state and federal systems to improve program management. It currently depends on Cognosante Consulting, LLC (Cognosante) to provide it with the expertise necessary to meet the federal mandate. DMS is currently in the process of procuring these services competitively through a request for proposals (RFP), and is only requesting approval to contract with Cognosante for the period of July 1, 2016 through June 30, 2017 to allow sufficient time to issue an RFP, receive and evaluate the proposals, and select a vendor and get a contract in place to start July 1, 2017. It only received all approvals needed to proceed with a competitive solicitation just this week.

Based on information DHS/DMS has provided to me in the attached request, which I have relied on and which I incorporate herein by reference, a unique and unusual situation exists under which it would be contrary to the public interest to apply all of the requirements of competitive bidding, competitive sealed bidding, or competitive sealed proposals to procure the desired consultant services for the next twelve (12) months as DHS/DMS initiate and finalize the RFP process. As contractor who currently provides these services, Cognosante should be selected as the contractor for this special procurement. Cognosante is already fully integrated into the DHS/DMS project management team and its processes. Retaining the current vendor during the transition period as DHS/DMS finalizes the competitive procurement process represents the lowest cost and most efficient alternative for covering the period of time needed to avoid a

disruption of services. Disruption to these services could put DHS/DMS at risk for being out of federal compliance and thus putting federal funding for Medicaid at risk.

For the aforementioned reasons, I authorize DMS to initiate special procurement of a contract with Cognosante for a twelve (12) month period, and to seek any further review required by law.

Respectfully,

  
Edward R. Armstrong  
Director, Office of State Procurement



## Division of Medical Services

P.O. Box 1437, Slot 5401 · Little Rock, AR 72203-1437  
501-682-8292 · Fax: 501-682-1197 TDD 501-682-6789



May 11, 2016

Request for Special Procurement

Cognosante Consulting, LLC

Pursuant to ACA §19-11-263, the Department of Human Services (DHS), Division of Medical Services (DMS) is requesting a Special Procurement to Cognosante Consulting, LLC. The Department of Human Services, Division of Medical Services (DMS), is federally mandated by the Centers for Medicare and Medicaid Services (CMS) to comply with Medicaid Information Technology Architecture (MITA) standards for new Medicaid systems designed to be significantly more integrated with other state and federal systems to improve program management. Estimated cost for this 12 month service is \$2,092,506.72.

**1) The unusual or unique situation that justifies Special Procurement.**

These services are federally mandated by the Centers for Medicare and Medicaid Services (CMS) to comply with Medicaid Information Technology Architecture (MITA) standards for new Medicaid systems that are designed to be significantly more integrated with other state and federal systems to improve program management. The contract used to provide these services will expire June 30, 2016, and DMS requires its services to fulfill the CMS mandate. Because of its current service to DMS and to provide continuity to the MMIS Replacement project, it is necessary to retain the experience of the current contractor to maintain the timeline of this project.

**2) Why, under the situation presented, competitive procurement is contrary to the public interest.**

As the current vendor for this service, Cognosante is very familiar with our project, and is fully integrated into our project management team and its processes. This request is for 12 months to complete the solicitation and award a contractor starting July 1, 2017.

**3) How long the unusual or unique situation that justifies special procurement as an alternative to competitive procurement is expected to last.**

DMS is requesting approval to contract with Cognosante for the period of July 1, 2016 through June 30, 2017 to allow sufficient time to issue an RFP, receive and evaluate the proposals, select a vendor and get a contract in place to start July 1, 2017. We have received all approvals needed to proceed with a competitive solicitation just this week.

4) The duration of the contract and, if it exceeds the anticipated duration of the unusual or unique situation used to justify special procurement, what rationale justifies making the duration of the contract exceed the anticipated duration of the unusual or unique situation used to justify special procurement.

It is our intent to issue this contract with a 12 month term. We anticipate having a RFP solicitation completed during the upcoming fiscal year.

5) The particular contractor selected and the reasons for the selection.

This Vendor will make DMS compliant these CMS requirements. If DMS does not meet these CMS requirements, DMS would risk being out of federal compliance, putting federal funding for Medicaid at risk. As the current vendor for this service, Cognosante is very familiar with our project, and is fully integrated into our project management team and its processes.

If you need additional information, please contact me at 501-682-8650. Thank you for your consideration.

Sincerely,



Mark White  
Deputy Director  
Department of Human Services



STATE OF ARKANSAS  
Department of Finance  
and Administration

OFFICE OF STATE PROCUREMENT  
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SPECIAL PROCUREMENT DETERMINATION

**From:** Edward R. Armstrong,  
State Procurement Director  
Office of State Procurement, Department of Finance and Administration

**Date:** August 25, 2016

**Subject:** Special Procurement for the Arkansas Department of Human Services  
Division of Medical Services

*Special Procurement  
for DHS - Medical  
Services + Deloitte*

*Out-of-State Contract #2*

According to Ark. Code Ann. § 19-11-263(a), the Director of the Office of State Procurement (OSP) may initiate a special procurement when he or she determines that an unusual or unique situation exists that makes applying the requirements of competitive bidding, competitive sealed bidding, or competitive sealed proposals contrary to the public interest. This determination must be in writing and explain the basis for the special procurement and for the selection of the particular contractor.

Pursuant to the Affordable Care Act, the Arkansas Department of Human Services (DHS), Division of Medical Services (DMS), is federally mandated by the Centers for Medicare and Medicaid Services (CMS) and the Internal Revenue Service (IRS) to deliver a Minimal Essential Coverage (MEC) Form 1095B to all of the citizens of Arkansas who received MEC through Arkansas Medicaid for up to four years beginning in tax year 2015. These requirements include strict deadlines and associated penalties. The current contract covering these services expires November 19, 2016. DMS has made a special procurement request so that it can prepare a competitive procurement for a new contract and avoid missing these deadlines. I have attached the DMS request to this determination because I rely on the representations DMS makes in it to support this determination.

It would be contrary to the public interest for DHS/DMS to fail to meet its obligations under federal law and to incur any penalties for failing to satisfy deadlines or other requirements imposed by the IRS and/or CMS. DHS is preparing document to solicit a new contract competitively and is requesting an extension to allow enough time to develop and complete the solicitation so it can competitively award a replacement contract, as well as allow time for it to onboard a new vendor and make a seamless transition. The current contractor, Deloitte Consulting, LLP, is already familiar with the federal requirements. Its continued service during the transition period will allow DMS to successfully meet the deadlines for delivery of the forms and subsequent IRS reporting. To allow for a seamless transition, it should be the contractor during the term of any contract secured as a result of this special procurement.

Based on the information DHS/DMS provided in its request, I authorize it to initiate special procurement for a contract as per its request in order to allow sufficient time to issue an RFP, receive and evaluate the proposals, select a vendor competitively, and get a contract in place with sufficient time to allow a seamless transition from Deloitte to the competitively procured vendor. It should seek any further review required by law.

Respectfully,

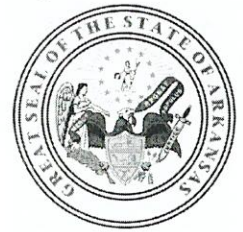
A handwritten signature in cursive script that reads "Edward R. Armstrong".

Edward R. Armstrong  
State Procurement Director



Division of Medical Services

P.O. Box 1437, Slot S401 · Little Rock, AR 72203-1437  
501-682-8292 · Fax: 501-682-1197 TDD 501-682-6789



September 9, 2016

Request for Special Procurement

Deloitte Consulting, LLP

Pursuant to ACA §19-11-263, the Department of Human Services (DHS), Division of Medical Services (DMS) is requesting a Special Procurement to Deloitte Consulting, LLP (Deloitte) for the reasons listed below. Deloitte is uniquely qualified to provide continued support pertaining to the creation, delivery and reporting requirements for Affordable Care Act (ACA) Minimal Essential Coverage (MEC) Form 1095B. The DHS DMS is federally mandated by the Centers for Medicare and Medicaid Services (CMS) and the Internal Revenue Service (IRS) to deliver the 1095B tax form to the citizens of Arkansas who received MEC through Arkansas Medicaid for up to four years beginning in tax year 2015. Estimated cost for this 20 month service is \$4,300,000.

**1) The unusual or unique situation that justifies Special Procurement.**

The requirements pertaining to the creation, delivery and reporting of ACA MEC are federally mandated by CMS and the IRS, and they include strict deadlines with associated penalties. The current Deloitte contract used to provide these services will expire November 19, 2016, and DMS requires Deloitte's continued services to fulfill the CMS and IRS mandate. Because of Deloitte's current service to DMS, and to provide continuity to the ACA MEC project, it is necessary to retain the experience of the current contractor to satisfy the IRS timeline for forms creation, delivery and reporting.

**2) Why, under the situation presented, competitive procurement is contrary to the public interest.**

The competitive procurement documents are being completed. This request is for 20 months only, to complete the Eligibility and Enrollment Framework (EEF) program that is designed to meet this business need.

**3) How long the unusual or unique situation that justifies special procurement as an alternative to competitive procurement is expected to last.**

DMS is requesting approval to contract with Deloitte for the period of November 20, 2016 through June 30, 2018. This should allow time for the current EEF program to be completed and take on these required responsibilities.

**4) The duration of the contract and, if it exceeds the anticipated duration of the unusual or unique situation used to justify special procurement, what rationale justifies making the duration of the contract exceed the anticipated duration of the unusual or unique situation used to justify special procurement.**

It is our intent to issue this contract with a 20 month term or sooner if the EEF system goes on-line at an earlier date.

**5) The particular contractor selected and the reasons for the selection.**

Deloitte is uniquely qualified to continue the ACA MEC 1095B services for a variety of reasons such as:

- The Deloitte services include a public facing portal. Retaining Deloitte during this special procurement period would allow for a continuity of service to Arkansas citizens.
- Deloitte provided these services in 2016 for tax year 2015. This was the debut year, and as such, deadlines and penalties were not as strict. It was a learning year. For tax year 2016, all penalties and deadlines will be strictly enforced, and Deloitte as the incumbent vendor is uniquely positioned to enable DHS DMS success.

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- DHS, DMS, and Division of County Operations (DCO) staffs are familiar with the Deloitte portal tool(s) and processes. Retaining Deloitte's services during this special procurement process would be the most cost effective use of state resources.

Deloitte already has a good understanding of the specific requirements and will allow DMS to successfully attain the IRS mandated dates for forms delivery and subsequent IRS reporting.



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**SPECIAL PROCUREMENT DETERMINATION**

**From:** Edward R. Armstrong,  
Director, Office of State Procurement

**Date:** October 19, 2016

**Subject:** Special Procurement for the Arkansas Department of Human Services  
Division of Medical Services

*Special Procurement  
DHS - Medical Services  
+ eSystems  
TAG Contract  
# 11*

The Arkansas Department of Human Services (DHS), Division of Medical Services (DMS) seeks approval to use special procurement as part of a plan to transition away from a sole source contract and finalize a request for proposals (RFP) for continued development, maintenance and operation of Eligibility and Enrollment Framework (EEF) for Modified Adjusted Gross Income (MAGI). DHS had initially planned to have a competitively procured contract in place by January 1, 2017, but in the process of developing the RFP and studying its strategic needs, DHS decided it needed an enterprise wide solution covering eleven (11) state programs instead of only addressing three (3) programs, as originally envisioned. Consequently, the scope of the RFP is being modified to reflect this change in vision. This has resulted in a revised tentative start date of July 1, 2017 for the new contract. This presents a problem for DHS because its current contract expires on December 31, 2016 and DHS needs the services development, maintenance and operation of MAGI functionality in DHS's EEF project so that it can ensure that the State meets federal mandates by the Centers for Medicare and Medicaid Services (CMS).

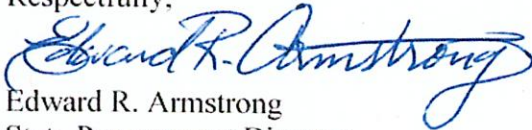
According to Ark. Code Ann. § 19-11-263(a), the Director of the Office of State Procurement (OSP) may initiate a special procurement when he or she determines that an unusual or unique situation exists that makes applying the requirements of competitive bidding, competitive sealed bidding, or competitive sealed proposals contrary to the public interest. This determination must be in writing and explain the basis for the special procurement and for the selection of the particular contractor.

Based on the information DHS has provided to me in the attached request, which I have relied on and incorporate by reference, a unique and unusual situation exists under which it would be contrary to the public interest to apply all of the requirements of competitive bidding, competitive sealed bidding, or competitive sealed proposals to procure a relatively brief extension of its current contract (from January 1, 2017 through June 30, 2017, with a three (3) month extension for transitioning) so that DHS can conclude the RFP process while ensuring that the State meets federal mandates. It is impracticable to competitively procure a contract for this service before December 31, 2016. Competitive procurement of such a contract could reasonably be expected to take six (6) or seven (7) months.

As DMS's current provider of application maintenance and new development to meet CMS guidelines, eSystems should be the contractor selected for the proposed special procurement. It is the only vendor with the expertise and familiarity with the current DHS system to support EEF MAGI functionality without interruption.

For the aforementioned reasons, I authorize DHS to initiate special procurement of a contract with eSystems for the period of January 1, 2017 through June 30, 2017, with an option to extend month by month through September 30, 2017, and to seek any further review required by law.

Respectfully,



Edward R. Armstrong  
State Procurement Director



## Office of Procurement

P.O. Box 1437, Slot W304 · Little Rock, AR 72203-1437  
501-320-6253 · Fax: 501-683-6304



### SPECIAL PROCUREMENT REQUEST

**From:** Department of Human Services, Office of Procurement  
**To:** Ed Armstrong, OSP Director  
**Date:** October 13, 2016  
**Subject:** Special Procurement Request

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### Request for Special Procurement

Pursuant to ACA §19-11-263, the Department of Human Services (DHS), Division of Medical Services (DMS) is requesting a Special Procurement to eSystems, Incorporated (eSystems) for continued development, maintenance, and operations of the Modified Adjusted Gross Income (MAGI) functionality in the Department's Eligibility and Enrollment Framework (EEF) Project. As we transition away from a sole source contract for MAGI functionality and move towards a competitive procurement for an enterprise-wide Integrated Eligibility and Benefit Management System for eleven (11) State program, this special procurement request and the SOW addresses three areas of the EEF Project:

- A. Application Maintenance and Support
- B. Application Operations and Production Support
- C. Design, Development, and Implementation (DDI) of New Functionality, Enhancements and Modifications

The Department of Human Services, Division of Medical Services (DMS) and Division of County Operations (DCO) are requesting this special procurement action to complete the EEF MAGI functionality per the Centers for Medicare and Medicaid Services (CMS) expectations. eSystems is the current contractor providing this work, and there are substantial savings and risk reductions for DMS/DCO in keeping continuous service from the same vendor.

In the previous special procurement request for eSystems dated May 17, 2016, DHS indicated the procurement was necessary while working on the competitive procurement for a System Integrator (SI). At that time the Department anticipated, based on the RFP and procurement activity proposed timeline provided by Gartner, that the contract would be awarded and the new SI vendor would begin work in January 2017. The initial strategy was to cover Traditional Medicaid, SNAP, and possibly TANF. Since then DHS held numerous strategic planning meetings as part of the RFP development work. As a result of further discussions on strategy, it was determined that the initial scope had to be expanded to ensure an "enterprise wide solution". The eligibility solution will now cover 11 programs instead of just the 3

mentioned above. With additional programs, more time was needed for coordinating and defining requirements.

DHS has finalized the RFP and recently submitted it to the appropriate Federal Agencies for their approval. Once approved, the RFP will be posted for bidding. DHS is expecting the SI competitive procurement to be completed during the 1<sup>st</sup> quarter of calendar year 2017. The revised SI start date is being planned for July 1, 2017. This change in strategy will ensure that we maximize our investment and ensure the solution is truly an enterprise system.

DMS is federally mandated by CMS to comply with Medicaid Information Technology Architecture (MITA) standards for new Medicaid systems that are designed to be significantly more integrated with other state and federal systems to improve program management. The system will engage on an "enterprise" level that prioritizes global population health and financial goals while improving the coordination and delivery of care to each Medicaid beneficiary, with an emphasis on those who have the greatest health needs and highest costs.

With the change in our timeline, the Department must ensure that the current MAGI eligibility system remains in operation. In addition to operations, CMS has several new requirements for State Medicaid eligibility systems. The new requirements must be deployed to production prior to the July 2017 SI start date. Therefore, DMS is requesting approval with eSystems for the period of January 1, 2017 through June 30, 2017. This period of performance will ensure that (1) our system remains compliant with new federal requirements pertaining to MAGI eligibility via new functionality DDI and (2) our system will be fully support operationally while we complete the competitive procurement for a System Integrator (SI). Once the SI contract begins, the new vendor will assume all of the responsibilities documented in this request.

In addition to the work documented above, DHS realizes that there may be a need to extend for an additional three month period. This period would run from July 1, 2017 through September 30, 2017 for Transition Services between the current DDI Vendor, eSystems, and the new SI. Transitioning work products, knowledge transfer, and process walkthroughs are paramount to long-term success of the new SI contract. DHS will evaluate the potential need of transition services once the SI contract is awarded. Upon completion of the evaluation, if transition services are necessary, DHS will amend this contract for the additional three months with the additional scope and cost.

**1) The unusual or unique situation that justifies Special Procurement.**

These services are federally mandated. The current contractor used to provide these services will expire December 31, 2016 and DMS requires the continuation of those services to fulfill the CMS mandate.

A full RFP procurement is planned in 2016-17 to provide Application Maintenance and Support, Application Operations and Production Support, and future DDI of the Eligibility system, known as Cúram. Critical EEF Design, Development, and Implementation for the MAGI rules will be completed with this request. eSystems is the current contractor for this work, and there are substantial savings and risk reductions for DMS/DCO in keeping continuous service from the same vendor until the forthcoming RFP.

**2) Why, under the situation presented, competitive procurement is contrary to the public interest.**

The current contractor is the only entity already established and able to assist with these federally-mandated services. A full RFP for the continued DDI, maintenance, and operations services is being developed. DHS is anticipating a CMS approval and release to the vendor community in 2016. DMS requires continuity in these services until that RFP is awarded.

**3) How long the unusual or unique situation that justifies special procurement as an alternative to competitive procurement is expected to last.**

DMS is requesting approval to contract with eSystems for the period of January 1, 2017 through June 30, 2017 to allow sufficient time to issue an RFP, receive and evaluate the proposals, select a vendor and get a contract in place. An optional three month period from July 1, 2017 through September 30, 2017 may be needed for transitioning services. This extension will be evaluated after award of the RFP.

**4) The duration of the contract and, if it exceeds the anticipated duration of the unusual or unique situation used to justify special procurement, what rationale justifies making the duration of the contract exceed the anticipated duration of the unusual or unique situation used to justify special procurement.**

It is our intent to issue a short term contract. We anticipate having a RFP solicitation and procurement completed prior to the next State fiscal year.

**5) The particular contractor selected and the reasons for the selection.**

If the services of eSystems expire before the forthcoming RFP is awarded, the final development work, implementation, operation and maintenance of the Eligibility system would be jeopardized and availability to the people of Arkansas would be disrupted. DMS would also be out of compliance with the schedule approved by the federal CMS. DMS is federally mandated by CMS to comply with MITA standards for new Medicaid systems that are designed to be sufficiently more integrated with other state and federal systems to improve program management. DMS has committed to a plan for the AR Eligibility System compliance, which has been approved by CMS. If DMS does not meet the requirements of the AR Eligibility system, DMS would be out of federal compliance and Arkansas' federal funding for this project would be at risk.

Thank you for consideration.

Sincerely,



Misty Bowen Eubanks  
Chief Procurement Officer  
Office of Procurement  
Arkansas Department of Human Services

## SPECIAL PROCUREMENT DETERMINATION

Special Procurement  
OHIT + Cumberland  
T&G Contract # 12

**From:** Edward R. Armstrong  
State Procurement Director  
Office of State Procurement, Department of Finance and Administration

**Date:** August 10, 2016

**Subject:** Special Procurement for the Office of Health Information Technology

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Pursuant to Ark. Code Ann. § 19-11-263, the Director of the Office of State Procurement (OSP) may initiate a special procurement when the director determines that an unusual or unique situation exists that makes applying the requirements of competitive bidding, competitive sealed bidding, or competitive sealed proposals contrary to public interest. Ark. Code Ann. § 19-11-263(a). This determination must be in writing and explain the basis for the special procurement and for the selection of the particular contractor.

The Office of Health Information Technology (OHIT) is in the middle of a Request for Proposal (RFP) process to identify a vendor qualified to perform operational outreach services for the State Health Alliance for Records Exchange (SHARE). During the time needed to procure through the regular method, operational and technical service must still be provided to SHARE users. OHIT attempted to hire internally two technical employees but recently learned that neither would be available for employment. In order to prevent a gap in operational and technical service, OHIT wishes to extend the contract with its current provider Cumberland Health Care, LLC. (Cumberland).

Based on the information OHIT has provided to me in the attached request, which I have relied on and which I incorporate herein by reference, a unique and unusual situation exists under which it would be contrary to the public interest to apply all the requirements of competitive bidding, competitive sealed bidding, or competitive sealed proposals to procure operational and technical services for OHIT/SHARE for the short duration of time necessary to complete the procurement process that has already commenced. It is impracticable to allow an eight (8) month gap in operational and technical support for SHARE, which could seriously jeopardize the stability and usability of the system. The current RFP is expected to result in a new contract anticipated in no later than April of 2017.

Because the current operational and technical service is currently supplied by Cumberland, and Cumberland is familiar with the needs of OHIT and operational functions of SHARE, it should be the contractor who provides service under the terms of the special procurement and resulting contract. Risking the stability of the SHARE network, which provides medical records services across Arkansas and is relied upon by hospitals, clinics, physicians, pharmacies, and patients

would not be in the best interest of the state and this risk can be avoided by means of special procurement with the incumbent provider.

For the aforementioned reasons, I authorize OHHI to initiate a special procurement of a contract for an eight (8) month period with Cumberland as per its request, and to seek any further review required by law.

Respectfully,

A handwritten signature in cursive script, reading "Edward R. Armstrong". The signature is written in dark ink and is positioned above the printed name and title.

Edward R. Armstrong  
State Procurement Director



**SHARE**  
State Health Alliance & Records Exchange

The Prospect Building  
1501 N. University Avenue  
Suite 420  
Little Rock, AR 72207

Office: 501.410.1999  
Fax: 501.978.3940  
Web: [SHAREarkansas.com](http://SHAREarkansas.com)

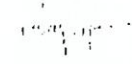
July 25, 2016

Mr. Edward Armstrong, Director  
Department of Finance and Administration  
Office of State Procurement  
1509 West 7<sup>th</sup> Street  
Little Rock, AR 72201-3966

Dear Mr. Armstrong:

OHIT requests authorization for a special procurement for eight months, through March 2017 with Cumberland Consulting Group, LLC, formerly Oleen Pinnacle Healthcare Consulting, LLC. The purpose of the procurement is to permit the Office of Health Information and Technology to continue to provide technical and operational services to SHARE's customers until personnel technical resources can be hired and trained and a successor operational vendor can be selected through the Request for Proposal process.

For the reasons outlined in the memorandum below, OHIT requests your approval for this special procurement. If you have any questions, do not hesitate to call me. Thank you,

  
Shirley Tyson  
Interim HIT Director/Coordinator



SHARE is a product of the Arkansas Office of Health Information Technology

15



**SHARE**  
State Health Alliance for Records Exchange

The Prospect Building  
1501 N. University Avenue  
Suite 420  
Little Rock, AR 72207

Office: 501.410.1999  
Fax: 501.978.3940  
Web: SHAREarkansas.com

TO: Edward Armstrong, OSP Director  
FROM: Shirley Tyson, Interim HIT Coordinator/Director  
DATE: July 22, 2016  
SUBJ: Sole Source Approval Request

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**a) What is the unusual or unique situation that justifies special procurement?**

The Office of Health Information Technology requests Special Procurement consideration for its procurement of technical and operational services from Cumberland Health Care, LLC. Cumberland has been the provider of technical and operational services since the inception of the State Health Alliance for Records Exchange (SHARE). Currently, OHIT is in the middle of a Request for Proposal (RFP) process to identify a successor vendor qualified to perform the operational outreach services for SHARE. The operational resources which Cumberland will provide are intended to cover the time gap until the RFP process is complete.

With respect to the technical resources, the Office of Personnel Management authorized OHIT to hire two technical resources in early July. OHIT recently learned that the previously identified technical personnel will not be available for hire. Consequently, in order to prevent a gap in OHIT's ability to provide technical services to its customers, OHIT requests permission to continue to use Cumberland's technical resources until qualified personnel can be hired and trained.

**b) Why, under the situation presented, competitive procurement is contrary to the public interest;**

As stated above, OHIT is pursuing competitive procurement for the operational resources and anticipates that process being completed within eight months. OHIT anticipates being able to hire and train the needed technical resources within eight months.

The RFP process is underway and OHIT is diligently seeking qualified technical personnel to fill the positions.

**c) How long the unusual or unique situation that justifies special procurement as an alternative to competitive procurement is expected to last;**

OHIT expects the duration of the alternative consideration need for a period not to exceed eight months.

**d) The duration of the contract and, if it exceeds the anticipated duration of the unusual or unique situation used to justify special procurement, what rationale justifies making the duration of the**



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**SHARE**  
State Health Alliance & Records Exchange

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Web: SHAREarkansas.com

contract exceed the anticipated duration of the unusual or unique situation used to justify special procurement; and

As stated above, the duration of the contract is for eight months. There will be no continuation of the contract past the time period of this unique situation. Should OHIT be able to complete the RFP process for operational services or hire and train the qualified technical resources prior to the eight month timeframe, that portion of the contract will be terminated.

**e) The particular contractor selected and the reasons for the selection**

Cumberland Health Care, L.L.C. was selected because it has provided technical and operational resources for OHIT. Cumberland's resources are familiar with OHIT's operational and technical work plans and the Cumberland resources are able to provide the needed services in the requested timeframe.



SHARE is a product of the Arkansas Office of Health Information Technology



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

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<http://www.state.ar.us/dfa>

**SPECIAL PROCUREMENT DETERMINATION**

**From:** Edward R. Armstrong  
State Procurement Director  
Office of State Procurement, Department of Finance and Administration

**Date:** August 19, 2016

**Subject:** Special Procurement for the Office of Health Information Technology

*Special Procurement*  
*OHIT & Perfect Search*  
*T+@Contract# 13*

Pursuant to Ark. Code Ann. § 19-11-263, the Director of the Office of State Procurement (OSP) may initiate a special procurement when the director determines that an unusual or unique situation exists that makes applying the requirements of competitive bidding, competitive sealed bidding, or competitive sealed proposals contrary to public interest. Ark. Code Ann. § 19-11-263(a). This determination must be in writing and explain the basis for the special procurement and for the selection of the particular contractor.

The Office of Health Information Technology (OHIT) anticipates that, pursuant to its enabling legislation, it will be transferred to a non-profit organization in two years. Pursuant to Act 891 of 2011, it has developed the State Health Alliance for Records Exchange (SHARE), which is the statewide health information exchange for Arkansas. In developing SHARE, OHIT has worked with Perfect Search Corp./IMAT Solutions (PS), and has relied on it for critical aspects of SHARE's functions. PS has a developed algorithms that are unique to their system and which integrate with the MIRTH applications that OHIT is currently utilizing for core SHARE services. OHIT's contract with PS is expiring. It needs to secure a contract that will allow it to cover its needs over the next two years. OHIT claims that an unusual or unique situation exists that makes the application of all requirements of competitive bidding, competitive sealed bidding, or competitive sealed proposals contrary to the public interest. It supports these claims in a request for approval for special procurement which I have attached to this determination. I would direct anyone interested in the entirety of OHIT's explanation to consult the attachment I have provided. The summarized version of the supporting information OHIT has provided is that, as currently implemented, SHARE currently depends on proprietary programming from PS. It asserts that integration of PS systems and MIRTH allows OHIT to realize cost savings, and that the manner in which OHIT deployed both systems creates an enterprise level dependency. It claims that continuity is critical to SHARE's participants, who depend upon a seamless health information exchange (HIE) to meet their clinical data analytics requirements. OHIT points out that it has completed the implementation process with PS, and that the process would have to be repeated if a new vendor was obtained. It reports that switching to another contractor would greatly affect the continuity of services OHIT currently provides to its SHARE customers. It identifies PS as providing the unique solution to provide a clinical data analytics solution that is already integrated with the statewide HIE, SHARE. OHIT claims that, due to the technical

nature of the system integration required to maintain the existing SHARE infrastructure, it needs to maintain service with PS so that it can avoid a system-wide change, which OHIT suggests would be costly and disruptive to continuity of service.

Taking the information OHIT has provided to me in the attached request at face value and presuming it to be true and accurate, it appears that a unique and unusual situation exists under which it would be contrary to the public interest to apply all the requirements of competitive bidding, competitive sealed bidding, or competitive sealed proposals to procure operational and technical services for OHIT/SHARE for the relatively short period of time necessary to continue SHARE's current operation without interruption until OHIT is transitioned into becoming a non-profit organization. It would likely be costly to bring in another vendor through competitive procurement and have it develop unique programming to perform a function which duplicates functionality that the State has already paid PS to develop. It would also undoubtedly take several months to develop a request for proposals, give adequate notice to potential vendors, evaluate proposals, negotiate a contract, and then have the new vendor (if a new vendor were to be selected) develop a new solution.

Although I am uncomfortable with the manner in which OHIT has apparently come to depend on a solution that PS owns to maintain the SHARE network, I am loathe to risk the stability of the SHARE network, which provides medical records services across Arkansas and is relied upon by hospitals, clinics, physicians, pharmacies, and patients. This risk can be avoided by means of special procurement with the incumbent provider, PS. For the aforementioned reasons, I authorize OHIT to initiate a special procurement of a contract as per its request, subject to any further review required by law, and leave the ultimate determination to any such reviewing body

Respectfully,



Edward R. Armstrong  
State Procurement Director



**SHARE**  
State Health Alliance for Records Exchange

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August 18, 2016

Mr. Edward Armstrong, Director  
Department of Finance and Administration  
Office of State Procurement  
1509 West 7<sup>th</sup> Street  
Little Rock, AR 72201-3966

Dear Mr. Armstrong:

Re: OHIT Special Procurement Request for Clinical Analytics Solution

OHIT is respectfully requesting your authorization for special procurement for two years through October 13, 2018 with Perfect Search Corp./IMAT Solutions. Included in the attached memorandum are details outlining the technical and economic costs to OHIT if it is unable to renew its contract with Perfect Search Corp. As with the Mirth contract, the special procurement is appropriate due to the unique capabilities of PS. These capabilities are outlined in tracking for your convenience in the attached.

OHIT requests your approval for this special procurement. If you have any questions, do not hesitate to call me.

Thank you.

Shirley Tyson  
Interim Arkansas HIT Coordinator



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TO: Edward Armstrong, OSP Director

FROM: Shirley Tyson, Interim HIT Coordinator/Director

DATE: August 18, 2016

SUBJ: Special Procurement Approval Request

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**a. What is the unusual or unique situation that justifies special procurement?**

Through a competitive procurement process, the Arkansas Office of Health Information Technology (OHIT) entered into a hosting services agreement (the Agreement) with Axolotl, now Optum Insight (OI), for the development of the State Health Alliance for Records Exchange (SHARE) which is the statewide health information exchange for Arkansas pursuant to Act 891 of 2011. The OI Agreement was amended by the First Amendment on December, 28, 2012 and by the Second Amendment on December 28, 2013. Included in the contract requirements at Amendment 2 to the Service Agreement between the parties was a deliverable for clinical data analytics at Item 9.

OI failed to provide the technical resources for the clinical analytics deliverable. OI and OHIT had agreed on the cost of the clinical analytics project in the Statement of Work dated June 4, 2014. In the process of the mark-up to finalize the SOW, OI significantly raised the cost without explanation or cause and continued to be unable to present the solution at the agreed upon price. OHIT required a clinical analytics product for the original cost agreed upon. Given OI's inability or unwillingness to provide a viable solution, OHIT had no option other than to seek a 3rd party solution through a sole source request. OHIT has continued to contract with Perfect Search (PS) through a sole source agreement to the present.

OHIT requests Special Procurement consideration for the continuation of its procurement of services from PS. In standing up the State Health Alliance for Records Exchange (SHARE), OHIT developed a set of technical and functional specifications for the required functionality, clinical data analytics, and released these to known vendors providing this service to various HIEs; regardless of the HIE technical infrastructure. OHIT then narrowed the requests to be specific to the OI Elysium framework which it provided to OHIT for SHARE. This narrowed the scope and identified two potential vendors, PS and MIRTH. Both vendors provided OHIT with demonstrations and supporting documentation. This documentation identified that PS uses MIRTH for the CCD/CCDA and HL-7 & exchange capabilities. There are therefore critical synergies between the Mirth and PS Solutions. Additionally, OHIT has changed HIE vendor



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model and OHIT has purchased the appliances that are being utilized by PS as well as Mirth, the HIE vendor. This process allows OHIT more cost savings and if not permitted to continue would result in OHIT having to expend additional monies if a change occurred.

**b. Why, under the situation presented, competitive procurement is contrary to the public interest;**

As noted above, through in person and telephone consultations, OHIT reviewed the national HIE landscape to identify vendors who are capable of integrating with OI to provide clinical data capabilities. PS has been the exclusive provider of these services capable of providing the continuity of technology to provide a seamless transition to SHARE participants. PS also utilizes the same core components currently being utilized by SHARE which allowed for a level of integration synergy between the clinical data and the analytics. Due to the technical nature of the system integration required to maintain the existing infrastructure so that a system-wide change is not required, a competitive bid would not enlist acceptable bidders and would delay the integration necessary for SHARE Participants to meet their data analytic requirements.

Furthermore, any modifications to the integration will result in increased costs, implementation changes to our current SHARE environment and a delay and interruption in providing services to OHIT's SHARE customers. This will greatly affect OHIT's ability to be financially sustainable.

Moreover, discontinuation of PS's solution will also affect OHIT's ability to obtain service fees for the services and features provided by PS as well as discontinue some of the current integration services in place. For example, OHIT is providing event notifications to Medicaid providers as a part of the Patient Centered Medical Home Program, which requires that OHIT send via SHARE 30 day readmissions notifications to hospitals. Without the PS system in place, OHIT will not be able to meet requirement to send the event notifications. This will impact not only OHIT but also the Payment Improvement Initiative currently underway in the State.

**c) How long the unusual or unique situation that justifies special procurement as an alternative to competitive procurement is expected to last.**

The integration of the Mirth and PS systems allows for OHIT to have cost savings because the manner in which OHIT deployed both systems creates an enterprise level dependency. While the services provided by PS can be provided by other vendors, the integration with SHARE is unique to integrated implementation processes. Continuity of technology is critical to SHARE's participants who depend upon a seamless HIE to meet their clinical data analytics requirements. OHIT has completed the implementation process with PS, which would have to be repeated if a new vendor was obtained, which would greatly affect the continuity of services OHIT provides to its SHARE customers. Therefore, OHIT has identified PS as the unique solution to provide a clinical data analytics solution that is integrated with the statewide HIE, SHARE, and no



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responsible competition exists to meet OHIT's clinical data analytic, implementation and technical infrastructure requirements.

**d) The duration of the contract and, if it exceeds the anticipated duration of the unusual or unique situation used to justify special procurement, what rationale justifies making the duration of the contract exceed the anticipated duration of the unusual or unique situation used to justify special procurement.**

OHIT requests the special procurement approval for two years, after which time, pursuant to its enabling legislation, it is anticipated that the agency will be transferred to a non-profit organization.

**e) The particular contractor selected and the reasons for the selection**

The proprietary rights PS has established cannot be duplicated by another vendor. PS has a developed algorithm that are unique to their system and which integrate with the MIRTH applications that OHIT is currently utilizing for core SHARE services.



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