

JOINT PERFORMANCE REVIEW COMMITTEE

MAY 18, 2015

MINUTES

The Joint Performance Review Committee met Monday, May 18, 2015 at 1:00 p.m. in Room 151, State Capitol, Little Rock, Arkansas.

Committee members present were Senator Alan Clark, Senate Chair, Linda Collins-Smith, John Cooper, Jane English, Jeremy Hutchinson, Missy Irvin, Bryan King, Terry Rice, and Gary Stubblefield, and Representatives Kim Hammer, House Chair, Scott Baltz, Jana Della Rosa, Lance Eads, Kenneth Ferguson, Charlene Fite, Mickey Gates, Mary Hickerson, Josh Miller, Micah Neal, Chris Richey, Dan Sullivan, Dwight Tosh, Clarke Tucker, John Walker, and David Whitaker.

Other members present were Senators Linda Chesterfield, Jonathan Dismang, Jimmy Hickey, and Stephanie Flowers, and Representatives Nate Bell, David Branscum, Mary Broadaway, Joe Jett, Frederick Love, Mark Lowery, Mark McElroy, and James Ratliff.

Call to Order

Representative Hammer called the meeting to order.

Opening remarks – Senator Alan Clark and Representative Kim Hammer, Co-Chairs

Representative Hammer told committee members that a copy of the duties and responsibilities of the committee are provided [Exhibit C]. He also stated that today's primary agenda item concerns an issue presented during a December, 2014 Legislative Audit meeting. Senator Clark welcomed the committee members.

Discussion of ISP 2015-008 "Requesting the Joint Performance Review Committee Study the Professional Licensing Agencies in Arkansas, the Professional Licensing Standards, and Whether the Need for These Regulatory Activities Exists" by Senator Jane English [Exhibit D]

Representative Hammer recognized Senator English, sponsor of ISP 2015-008 for comments. Senator English said the ISP study will look at licensing agencies to review the requirements and determine the necessity of licenses and their affect on small businesses. A motion to adopt ISP 2015-008 was made by Senator Gary Stubblefield and seconded by Representative Micah Neal. The motion was passed unanimously.

Discussion of ISP 2015-111 "An Act to Limit the Issuance of Permits for the Off-Premises Sale of Beer and Wine in Proximity to Churches and Schools; and for Other Purposes" by Representative Hammer [Exhibit E]

Representative Hammer told legislators that ISP 2015-111 concerns the issuance of alcohol permits. The study will provide a review of alcohol sales statewide with a focus

on the issuance process. A motion to adopt the ISP was made by Representative Hickerson and seconded by Senator English. The motion was passed unanimously.

History, Overview and Panel Discussion of the C.H. Mack Contract and the CoCENTRIX Licensing Agreement with the Arkansas Department of Human Services [Handouts]

Representative Hammer referenced a list of questions relating to this issue that he had put together. [Handout 1] He then recognized Andy Babbitt, Supervisor Senior Auditor, Division of Legislative Audit. Mr. Babbitt gave an overview of the contract between the Department of Human Services and C. H. Mack and Associates, which was reviewed during a Legislative Audit Committee meeting in December, 2014. A committee member then asked Representative Hammer about the appropriateness of discussing an issue being reviewed by another legislative committee. Representative Hammer noted that no action was taken during that previous Legislative Audit meeting, and that a number of legislators still had concerns regarding the C. H. Mack contract.

Mr. Babbitt gave an overview of software systems licensing agreements between the Arkansas Department of Human Services (DHS), C. H. Mack Associates, and CoCENTRIX. He reviewed the timeline of the DHS contract and expenditures:

- DHS issued a Request for Quotation (RFQ) in July, 2010
- DHS awarded a contract to C. H. Mack in May, 2011 - total cost \$2.14 million
- DHS amended its' original contract with C. H. Mack – for a total cost of \$2.16 million
- DHS completed a vendor performance report resulting in unsatisfactory performance by C. H. Mack- December, 2012
- DHS cancelled its contract with C. H. Mack in May, 2013 - total expenditures \$4.8 million.

Following the cancellation of the contract with C. H. Mack, DHS entered into a Scope of Work Agreement with CoCENTRIX, a software systems company, to provide an electronic Universal Assessment software tool, which the C. H. Mack firm failed to provide. Mr. Babbitt stated that the Scope of Work Agreement with CoCENTRIX is based on a State Cooperative Purchase Agreement issued through the Western State Contracting Alliance (WSCA). Mr. Babbitt said the total cost estimate provided by the Department of Finance and Administration (DF&A) Office of State Procurement (OSP) lists the total amount of monies currently paid to CoCENTRIX at \$9.24 million

Representative Hammer recognized Craig Cloud, Director, Division of Aging and Adult Services, and Tim Lampe, Office of Program Management, DHS. Mr. Lampe was asked to justify the selection by DHS of C. H. Mack. Mr. Lampe summarized the process as follows:

- DHS entered into a contract with C. H. Mack - May 4, 2011
- C. H. Mack furnished a product to DHS - April, 2013
- DHS Information Technology and Data Management experts reviewed the C. H. Mack Medcompass application - July, 2013
- Due to the failure of the application to function, DHS issued a stop payment letter to C. H. Mack - September 20, 2013

- C. H. Mack was required to deliver a corrective plan of action in 45 days per the September 20, 2013 letter
- C. H. Mack was required to deliver a fully functional product in 60 days per the September 20, 2013 letter
- DHS tested the product provided by C. H. Mack from November, 2013 through February, 2014
- Following discussion with the DHS Office of Chief Counsel, DHS terminated its relationship with C. H. Mack in May, 2014

Mr. Lampe was asked to list the terms of the C. H. Mack contract. Mr. Lampe stated that DHS was seeking two major software functions:

- The ability of independent assessors to assess the population of the DHS Division of Aging and Adult Services (DAAS) and the Developmental Disability Services (DDS) population.
- The ability of assessors to provide a plan of care

Mr. Lampe further stated that the assessments of the two populations will result in the recording of service delivery, similar to an electronic medical record, including information a guardian, an individual, and/or a provider community can view.

Mr. Lampe was asked how C. H. Mack was selected. He stated that a total of seven companies responded to an RFQ in July, 2010. A DHS technical evaluation team selected C. H. Mack. Mr. Lampe was asked about the retrieval of existing data from C. H. Mack and if it has been transitioned over to CoCENTRIX. Mr. Lampe stated that the data is housed on a DHS server and DHS is working with the CoCENTRIX vendor to migrate the data into a workable product.

Mr. Lampe was asked to provide the cost of the CoCENTRIX agreement. Mr. Lampe summarized the costs and timeframe:

- DHS entered into a five-year licensing agreement with CoCENTRIX on May 1, 2014
- DHS amended its agreement – October 20, 2014
- The total five-year budget - \$16 million
- The total expenses paid to date - \$9 million
- The agreement has been in place less than a year

Mr. Lampe was asked to describe the method DHS used to select CoCENTRIX. Mr. Lampe stated that he initiated a sole source pilot program with CoCENTRIX in 2013 at a cost of \$65,000 to determine the firm's ability to provide a functioning tool to perform Universal Assessments. Mr. Lampe was asked if he has assumed the responsibility for the Medicaid Eligibility and Enrollment Framework (EEF) project. Mr. Lampe said that he has assumed this responsibility during the past three weeks as a component of the DHS Program Management Office.

Representative Hammer recognized Kenneth Robinson, President, Pine Bluff Psychological Associates (PBPA), who gave an overview of the work his organization provides to DHS.

- In response to an RFQ issued by DHS, a contract was awarded to PBPA - November, 2012
- The terms of the contract consisted of assessing of 5,500 adults served by the DHS Division of Developmental Disabilities Services
- The organization submitted a bid of \$149 per assessment
- A second contract for the assessment of 5,500 children on a DHS waiver waiting list was executed – September, 2013
- The organization submitted a bid of \$169 per assessment

Mr. Robinson stated that at the end of the second contract period, September, 2014, the organization had completed 4,563 assessments. The transmission of the children's names onto the waiver waiting list from DHS to the PBPA rolls has been delayed. Due to the delay, the second contract was extended to June 30, 2015.

Representative Hammer recognized Pam Cooney, Service Coordinator, Pine Bluff Psychological Associates (PBPA). Ms. Cooney discussed the use of the C. H. Mack software system by the organization. She stated that the software was not used by the organization as intended because the assessors could not use the offline portion of the software. Assessors could not access Medcompass through its network.

Representative Hammer recognized John Malcolm, Vice President, Government Solutions and Bill Guize, Senior, Vice President, CoCENTRIX. Mr. Malcolm was asked which agencies will receive services under its contract with DHS. Mr. Guize responded to the question and said the original contract covers four DHS agencies; the Division of Aging and Adult Services (DAAS), the Division of Behavioral Health Services (DBHS), Developmental Disability Services (DDS), and the Office of Long Term Care (OLTC)

Mr. Malcolm told the committee members that CoCENTRIX has delivered improved aspects of the software solution to DHS, but the electronic assessment function has not been completed. He also said there have been delays in their contract deliverables. When asked for the original bid amount, Mr. Malcolm stated that the initial bid was \$19 million for a five-year timeframe. Following a restructuring of the contract by Tim Lampe, the contract amount was reduced down to \$16 million. The total expenditures to date is \$9.1 million.

Representative Hammer announced that the Joint Performance Review Committee will meet at 10:00 a.m. Thursday, June 18, 2015 at the Second Chance Youth Ranch in Paron, Arkansas.

There being no further business, the meeting adjourned at 3:10 p.m.