



**Thomas M. Suehs, Executive Commissioner**

**Request for Proposals (RFP) and Application  
for  
Provider Practices to Participate in the Health Home (Medical Home) Pilot  
Program**

**RFP No. 529-10-0057**

**Date of Release: 04/05/2010  
Date Proposals are Due: 07/02/2010  
Time Proposal are Due: 3:00 PM CST**

**CPA Class/Item Codes: 958-56, 948-07**

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## Part I: Background and Project Details

### **Section 1.01 Introduction & Scope**

The State of Texas, by and through the Texas Health and Human Services Commission (HHSC), seeks health home pilot projects in accordance with the specifications contained in this Request for Proposals (“RFP”).

HHSC has chosen the term “health home,” rather than the more commonly used term “medical home” to describe the type of practice transformation it will support under the pilot. A health home is a medical home that in addition to addressing primary care needs, also addresses dental, behavioral, and other needs when serving children enrolled in Medicaid. HHSC is conducting a health home pilot initiative to identify and evaluate methods for expanding access to primary medical and dental care services for children and adolescents enrolled in Texas Medicaid. This health home pilot initiative is part of a broader primary care initiative funded by the state legislature in response to the *Frew v. Suehs* corrective action orders.

### **Section 1.02 Mission Statement**

HHSC’s mission for this procurement is to encourage innovative approaches to the delivery of primary medical and dental care to children and adolescents enrolled in Texas Medicaid, and to develop a comprehensive assessment of impact of varied models of health homes.

### **Section 1.03 Objectives**

HHSC’s specific objectives for this procurement are to encourage innovation and assess the impact of varied models of health homes in:

1. increasing access to primary care and specialty services for children receiving Medicaid benefits;
2. improving the quality of primary care and specialty services for children enrolled in Texas Medicaid by increasing the number of enrolled children receiving recommended primary prevention services, proper management of chronic conditions and all needed specialty and social support services, including dental and behavioral health services;
3. meeting the first two objectives in a cost-effective manner such that the innovations are sustainable over time and conducive to replication across the State of Texas;
4. providing care in a manner that is patient/family-centered, population-based, coordinated, clinically managed, team-based and comprehensive.

HHSC will fund up to eight (8) health home pilot projects for a period of 24 months. Pilot projects that include a minimum of 5000 children enrolled in Medicaid under age 21 years are preferred. Participating practices must have been providing Medicaid services since June 2008. HHSC’s goal is to include in the pilot a representative cross-section of practice sizes, practice locations, organizational arrangements and affiliations, and Medicaid patient populations served.

HHSC is seeking primary care practices, or coalitions of practices, that embrace the health home philosophy and are committed to successfully achieving practice transformation. HHSC will provide funding for up to 24 months after contract award for the following type of entities serving children enrolled in Medicaid:

- Solo and group physician practices.
- Groups of physician practices (i.e., more than one practice collaborating on a proposal).
- Other health-care entities (including, but not limited to, hospitals, health science centers, Federally Qualified Health Centers, and Rural Health Clinics).

All primary care providers participating in a pilot project must be enrolled Medicaid providers who are in good standing with HHSC and, if applicable, other Health and Human Services Agencies.

#### **Section 1.04 Summary of Application Requirements**

Pilot project applicants must complete the application found in Attachment A of the RFP; an overview of the application is found in Part II. Each pilot project applicant, regardless of the number of practice locations in the project, must complete one Section A of the application which asks for the strategy and work plan for developing a health home. If the pilot project applicant is subcontracting with more than one independent practice site, the pilot project applicant must complete Section B of the application for each practice site (e.g. if the proposal consists of three (3) independent practice sites, the pilot project applicant should complete Section B for each of the three (3) independent practice sites).

General information about the proposal is found in Part III of the RFP.

Information about subcontracting with historically underutilized businesses (HUB) is found in Part IV of the RFP.

#### **Section 1.05 Six Core Competencies**

HHSC has identified a set of six core competencies that a primary care practice must address in order to be a health home. The six core competencies include; patient access, quality improvement, patient/family centeredness, population approach to care, coordinated and clinically managed care, and team-based comprehensive care. Pilot project applicants must describe how they will address and work toward mastering all of the competencies in the Health Home Work Plan (see Attachment A, Section 5).

HHSC recognizes that there are several different ways to operationalize the six core competencies, based on philosophy, core competency emphasis, practice size, geographic location, information technology infrastructure, staffing, population served and other variables. Therefore, HHSC encourages pilot project applicants to be innovative and creative in meeting the objectives of this initiative and addressing the core competencies.

#### **Medical Home Implementation Quotient (MHIQ)**

HHSC will use the Medical Home Implementation Quotient (MHIQ) assessment tool results from TransforMED to measure each pilot project's progress in attaining the six core competencies. Results of the initial MHIQ tool will represent a consensus of the practice core team as to the performance level of the practice at the time of completion of the tool.

The MHIQ assessment tool contains modules that cover aspects of a health home. The practice site will not be required to complete the Health Information Technology or Practice Management modules. HHSC determined that the Health Information Technology module is too far removed from the purpose of the Health Home Pilot initiative because practices are not required to operate anything other than a patient registry. Similarly, HHSC determined that the questions in the Practice Management module are too far removed from the purposes of the Health Home Pilot initiative. This does not prevent an applicant from choosing to complete these modules; HHSC will not give preference to an applicant that completes and reports on these two modules.

The MHIQ website is user friendly and includes information and links to Health Home implementation tools and tips. MHIQ is based on the premise that being a “health home” is an evolutionary process rather than a fully realized status for most practice settings. The MHIQ evaluation tool is accessible at: [www.transformed.com/MHIQ/welcome.cfm](http://www.transformed.com/MHIQ/welcome.cfm).

**The six core competencies are defined below. Also included are examples of how each of the core competencies could be operationalized. These examples are provided for illustrative purposes only and are not intended in any way to limit options that a pilot project might wish to pursue as a means for attaining the six core competencies.**

***Competency #1: Patient Access. Patient access encompasses:***

- a. increasing practice capacity to see additional Medicaid patients;
- b. improving the means by which patients can access primary care providers and their services by using non-traditional means such as email, text messaging, and telephone consultations;
- c. establishing a medical home relationship with a personal provider or care team such that each patient and his or her family has a specific physician and care team that is taking responsibility for providing and managing his or her care, and
- d. providing 24-hour access seven days a week to a member of the care team or a triage service trained to support a health home by providing appropriate care or referrals rather than using the emergency department.

Examples of how increased patient access can be operationalized include, but are not limited to:

- i. creating care teams with delegated team member responsibilities to free up physician time to see additional patients;
- ii. using e-mail and/or text messaging for family communication;
- iii. providing flexible scheduling options, including early evening hours and open access scheduling, and
- iv. linking patients and families to resources that can assist them in attaining health insurance coverage and in understanding their coverage

***Competency #2: Quality Improvement. Quality improvement encompasses:***

- a. improving the degree to which health services for individuals and populations attain desired health outcomes and are consistent with current professional knowledge.

Examples of quality improvement activities include, but are not limited to:

- i. utilizing practice support services provided by HHSC, such as Practice Coaches who will assist pilot projects as they work toward improving quality or Learning Collaboratives / Sessions, where pilot projects will be able to come together and learn from one another in their efforts to become a health home;
- ii. choosing and using a formal model for quality improvement, such as the “Plan, Do , Study, Act” (PDSA) model;
- iii. establishing and monitoring metrics to evaluate improvement efforts and outcomes, such as determining the percentage of patients with asthma that are filling prescriptions for both maintenance and acute asthma control medications, and
- iv. obtaining patient feedback about experience through the use of periodic patient (family) experience surveys or focus groups.

***Competency #3: Patient/Family Centeredness. Patient/Family-Centered Care includes:***

- a. patient/family education and involvement in the management of the patient’s medical condition, and
- b. patient/family participation in defining and evaluating the implementation of patient and family-centered care.

Examples of Patient/Family-Centeredness include, but are not limited to:

- i. using patient/family surveys to obtain patient feedback and using patients as faculty for staff orientation sessions;
- ii. having information on chronic conditions available in the multiple languages used by the patient population;
- iii. including in care plans information regarding the patient’s/family’s culture and health beliefs and an assessment of how the culture and beliefs will impact the delivery of care;
- iv. providing patient/family training in goal setting, action planning, problem-solving to improve the patient’s/family’s abilities to manage chronic conditions.

***Competency #4: Population Approach to Care. A population approach to care encompasses:***

- a. using data to track the health status, and changes in health status, and to track delivery of evidence-based care to the practice’s full population, and to subgroups of the practice population;
- b. managing members of a population with a defined condition in a manner that proactively identifies and meets service needs that address the targeted condition as well as all health care needs;
- c. emphasizing effective patient self-management through education and care support, and
- d. reducing the number of patients considered to be at high risk.

Examples of components of a population approach to care include, but are not limited to:

- i. implementing patient registries for tracking and analysis (via reportable registry function) with patient-specific reminders;
- ii. implementing a system to track and receive reports from labs, specialists, etc.;
- iii. using planned care and planned visits according to patient need;
- iv. using point-of-care reminders based on clinical guidelines, and
- v. implementing evidence-based care delivery, including stepped care protocols.

***Competency #5: Coordinated and Clinically Managed Care. Coordinated and clinically managed care encompasses:***

- a. care coordination<sup>1</sup> for patients (and their families) who have current medical conditions and/or risk factors needing services or who are healthy, but in need of services to prevent diminution of health status, and who without care coordination services would have a reduced likelihood of receiving needed services, and
- b. clinical care management<sup>2</sup> services for patients with complex conditions and/or multiple co-morbidities that place them at high risk for a future inpatient medical or behavioral health admission.

Examples of coordinated and clinically managed care include, but are not limited to:

- i. integrating a care manager, physically or virtually, within the practice to coordinate care for high-risk patients, including referral and transition management;
- ii. holding regular communications with all of a high-risk patient's service providers, including behavioral health, dental and social service providers;
- iii. integrating behavioral health into care delivery through co-location or referral protocols, and
- iv. linking patients with community resources, facilitating referrals to appropriate agencies in response to identified social service needs.

***Competency #6: Team-based, Comprehensive Care. Team-based, comprehensive care:***

- a. means a care team, composed of at least the primary care clinician, another licensed care provider, and a care coordinator that assumes responsibility individually and collectively for providing and coordinating the provision of health and support services needed by the patient across the continuum of care, and

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<sup>1</sup> Care Coordination is defined as coordinating and managing all health care and support services provided to members of the identified population who are at risk of not receiving necessary services to treat a concerning condition or to maintain their health status.

<sup>2</sup> Clinical Care Management is defined as coordinating and managing all health care and support services provided to members of the identified population who are at risk of using inpatient and emergency services. The goal of clinical care management is to keep the person safely cared for in the community.

- b. refers to the availability of a wide range of services in primary care and their appropriate provision across the entire spectrum of types of needs for all but the most uncommon problems in the population by a primary care provider and/or care team. This includes services that promote and preserve health; prevent disease, injury and dysfunction; and care of illness, disability, and discomfort as long as these needs are not too uncommon for the primary care practitioner to maintain competence (generally occurring in at least one to two thousand people per year).

Examples of team-based, comprehensive care include, but are not limited to:

- i. creating care teams with delegated team member responsibilities;
- ii. regular practice team meetings to discuss the status and care of patients;
- iii. each patient’s needs being screened and met by the appropriate member of the care team;
- iv. the primary care clinician entering into a written agreement with frequently utilized specialists, including dentists and behavioral health providers, that outlines processes to assure close coordination of services and strong communications among providers.

An example of comprehensive care services includes:

- v. prevention, coaching, counseling when appropriate, care for acute and chronic illnesses and injuries, minor surgery, injections, aspiration of joints, simple dislocations, common skin problems, behavioral health and common mental health problems, and provision of community health resources information.

**Section 1.06 Procurement Schedule**

The following table documents the critical pre-award events for the procurement. All dates are subject to change at HHSC’s discretion.

Activity	Date
RFP Issued	April 5, 2010
Applicant/Vendor Conference for interested practices and professional organizations to hear presentation on the project, RFP and ask questions (HHSC will provide a conference call line)	April 20, 2010
Applicants’ questions due to HHSC	April 26, 2010
HHSC posts responses to applicants’ questions	May 7, 2010
Deadline for withdrawal of proposal/application	July 2, 2010
Proposals/applications due to HHSC	July 2, 2010 @ 3:00 pm CST
Pilot projects selected – Tentative award(s) announced	Beginning July 30, 2010
Anticipated contract start date	Beginning August 2, 2010
Pilot project funding ends 24 months after contract start date	Beginning August 2, 2012
Pilot project evaluation completed	December 31, 2012

**Section 1.07 Performance Requirements / Scope of Work**

A pilot composed of more than one independent primary care practice site must have an identified pilot lead and develop and implement a shared strategy that will result in the

implementation of a consistent Health Home model across the pilot sites. Pilot projects are expected to demonstrate a good faith effort to master the six core competencies over the two (2) year contract term.

Each pilot project vendor must complete the following tasks by the deadline agreed to in the HHSC-approved project work plan. The project work plan is part of the application included in Attachment A to the RFP. The final project work plan will become part of the contract, and will include any modifications agreed to by the parties. HHSC reserves the right to reject and/or require revisions to any deliverable that does not comply with the contract's requirements.

1. Identify the individual who will serve as the "pilot project lead" for the "practice core team" that will be responsible for leading the implementation of the practice transformation process. The practice core team should include at least a physician, an RN or other non-physician clinician, and a parent /caregiver or young adult Medicaid beneficiary.
2. All members of the practice core team must attend a one-day learning session with the HHSC Practice Coach. The pilot project vendor must present acceptable dates to HHSC for the learning session.
3. All members of the practice core team must meet (either in person at the practice site or on the telephone) on a regular basis (anticipate weekly during the first three months of the project and then monthly) with the HHSC Practice Coach. On average, each meeting will last one hour.
4. The pilot project vendor must obtain and operate an electronic patient registry capable of submitting registry-generated reports on a monthly basis to HHSC's contracted evaluator, regarding:
  - a) Childhood immunization
  - b) Immunizations for adolescents
  - c) Lead screening in children
  - d) Well-child visits in the first 15 months of life
  - e) Well-child visits in the 3<sup>rd</sup>, 4<sup>th</sup>, 5<sup>th</sup> and 6<sup>th</sup> years of life
  - f) Adolescent well-care visits
  - g) Care plans
  - h) Special health care needs identification
5. The pilot project vendor must enter all patient information into the electronic patient registry no later than 30 days after the execution of the contract with HHSC. If a new patient is enrolled after contract execution, the pilot project vendor must enter his or her patient information into the electronic patient registry within 30 days after the patient is enrolled. The patient registry must include the patient's name, Medicaid

6. The pilot project vendor must screen all Medicaid patients under the age of 21, using the Children with Special Health Care Needs (CSHCN) Screener© and identify within the patient registry each child identified as having special health care needs. The CSHCN Screener© is found in the Document Library associated with this RFP.
7. The pilot project vendor must complete and submit the **Medical Home Implementation Quotient (MHIQ)** assessment tool results no later than ten (10) business days after contract execution and during months 6, 12, 18 and 24 of the pilot initiative. The HHSC Practice Coach will work with the practice core team to complete the MHIQ assessment tool at months 6, 12, 18, and 24 of the pilot initiative.
8. The pilot project vendor must participate in interviews or surveys on Health Home implementation and operation that solicit qualitative information regarding practice experience, as requested by the HHSC-contracted evaluator for the Health Home Pilot Project.

#### **Section 1.08 Performance Measures and Remedies**

The pilot project vendor must operate the pilot project in accordance with the contract requirements, including the requirements set forth in this RFP and HHSC's approved project work plan and application.

HHSC will evaluate pilot project vendors' performance and the success of the pilot project initiatives using data obtained from the patient registry, Medicaid claims, patient surveys and practice interviews. The evaluation will be based on:

1. Adoption of health home model
  - a. Progress toward transformation to a health home
2. Access to care and patient experience
  - a. Increase in patient access to primary and specialty care
  - b. Improvement in the quality of patient interaction with the practice
3. Practice experience and satisfaction
  - a. Increase in satisfaction of working in the practice
  - b. Increase in the quality of work life
4. Service utilization
  - a. Increase in primary, behavioral, specialist and dental care utilization
  - b. Decrease in inpatient and emergency department utilization

5. Clinical quality of care
  - a. Increase in the percentage of patients receiving evidence-based care
6. Annual and trended cost of service per member per year
  - a. Decrease in the rate of cost growth per member per year

If funding is available, HHSC may use the evaluation results to make decisions regarding whether to continue funding existing pilot programs. HHSC may also use the evaluation results to determine the types of models that would be appropriate for statewide implementation through a future procurement.

HHSC reserves the right to invoke contractual remedies, including recoupment, withdrawal or suspension of funding, if the pilot project vendor fails to complete its assigned contractual duties. For the tasks identified in Section 1.07 of the RFP, HHSC may also assess liquidated damages up to \$100 per day per task that is late, inaccurate, or incomplete.

### **Section 1.09 Evaluation Criteria for the Selection of Health Home Pilot Project Applicants**

As described in Part III Section 3.31, HHSC will use a formal evaluation process to select successful pilot projects applicants. In the selection process, HHSC will consider capabilities or advantages that are clearly described in the proposal, or which may be confirmed by oral presentations or by submission of additional, requested documentation. HHSC reserves the right to obtain information from any lawful source regarding the pilot project applicant, pilot project applicant's officers' and employees' and organizations that have had dealings with the pilot project applicant, whether or not identified in the proposal. The information obtained may include: (1) past business history, practices, and conduct, (2) ability to supply the goods and services, and (3) ability to comply with contract requirements.

HHSC will more favorably evaluate proposals that offer no or few exceptions, reservations, or limitations to the terms and conditions of the RFP, including HHSC's Uniform Terms and Conditions.

HHSC will evaluate proposals based on the following best value criteria, listed in order of precedence:

1. Ability to address each of the core competencies as outlined in this RFP, including:
  - a. increasing patient access to care for patients;
  - b. improving quality of care for patients;
  - c. increasing and improving patient/family centeredness;
  - d. utilizing a population approach to care;
  - e. increasing and improving care coordination and clinical care management for patients;
  - f. utilizing a team-based, comprehensive approach to care.
2. Proposed plan for incorporating the following into the pilot project:

- a. behavioral health services;
  - b. dental services;
  - c. hard-to-reach populations, including culturally, racially and linguistically defined groups, and migrant children and clients in rural areas;
  - d. proper management of chronic conditions;
  - e. necessary specialty and social support services; and
  - f. new knowledge regarding health homes and patients transitioning to them.
3. Other indicators of probable pilot project vendor performance, including:
    - a. demonstrated competence and qualifications of key project personnel;
    - b. past performance on similar projects;
    - c. ability to meet project deadlines; and
    - d. well-reasoned approach to meeting the contractual needs of HHSC and the clients served by the pilot project.
4. Total project cost, including the pilot project vendor's ability to create a health home model that is cost-effective, sustainable, and conducive to statewide replication, including being both scalable and spreadable to other similarly situated practices in Texas.

## Part II: Application to Participate in the Texas Health and Human Services Commission Health Home Pilot Program

### Section 2.01 Instructions for Submitting Proposals

#### (a) Number of Copies

Submit one (1) original and (5) copies of the application, and the completed HUB Subcontracting Plan and other required forms (visit the HHSC website, [http://www.hhsc.state.tx.us/about\\_hhsc/Contracting/rfp\\_attach/attach.shtml](http://www.hhsc.state.tx.us/about_hhsc/Contracting/rfp_attach/attach.shtml), for more information about required forms). An authorized representative must sign the original in ink. In addition, submit one electronic copy of the proposal on a portable media, such as a compact disk, compatible with Microsoft Office 2000. HHSC will not accept telephone and facsimile proposals. Any disparities between the contents of the original printed proposal and the electronic proposal will be interpreted in favor of HHSC.

#### (b) Submission

Submit all copies of the application, and completed HUB Subcontracting Plan to HHSC's Enterprise Contract and Procurement Services (ECPS) Division no later than 3:00 on April 30, 2010. All submissions will be date and time stamped when received by ECPS. The clock in the ECPS office is the official timepiece for determining compliance with the deadlines in this procurement. HHSC reserves the right to reject late submissions. It is the pilot project applicant's responsibility to appropriately mark and deliver the proposal to HHSC by the specified date.

#### (c) Physical Address for hand delivery and overnight and commercial mail:

HHSC Enterprise Contract and Procurement Services (ECPS) Division  
Attn: Abel Martinez  
4405 North Lamar Blvd., Bldg 1, MC 2020  
Austin, Texas 78756

All proposals become the property of HHSC after submission.

All proposals must be:

1. typed on 8½ by 11" paper using the application provided in Attachment A, or similar template;
2. sequentially page-numbered and include the pilot project 's name at the top of each page;
3. bound in a notebook or cover;
4. correctly identified with the RFP number and submittal deadline;
5. responsive to all RFP requirements;
6. in Arial or Times New Roman font, size 12 for normal text, no less than size 10 for tables, graphs and appendices; and
7. no more than the pages allotted in the application template.

Proposals may not include materials or pamphlets not specifically requested in this RFP.

## Section 2.02 Application Template

An application template is provided as Attachment A. This template should be used to submit your Health Home Pilot proposal.

### Section A of Application Template: Health Home Pilot Project General Information

Section A provides details on the proposed pilot to be implemented. ONLY ONE SECTION A IS REQUIRED FOR EACH HEALTH HOME PILOT PROPOSAL.

1. **General Pilot Project Information:** Name of pilot project, area(s) of Texas served by pilot project, number of practices participating in the pilot project, and the total number of children enrolled in Medicaid served by the pilot project.
2. **Pilot Project Contact:** The Pilot Project's contact name, contact information and qualifications and number of practice locations (provide one Section B for each participating location).
3. **Pilot Project Lead:** The Pilot Project's lead name, contact information and qualifications, if different from the "Pilot Project Contact."
4. **Proposal Details:** The pilot project applicant's explanation for how the practice site(s) will be transformed into a Health Home and why the pilot project applicant is qualified and should be selected as a pilot program. In addition, the proposal will describe the scope of the proposed initiative, the experience of the individual(s) who will be providing leadership, his or her understanding of the characteristics of a Health Home, and his or her understanding of the challenges inherent in practice transformation.
5. **Work Plan:** The outline/description and timeline of the steps the pilot will take to address the core competencies at each pilot practice site. The work plan must cover the two-year duration of the pilot program. A work plan template is included in the application. The pilot project applicant may use an alternate format that includes all required elements.

Applicants may fill out the MHIQ assessment tool for each pilot practice site to assist in the development of the work plan and submit the results with the application.

Note: No later than ten (10) business days after contract execution, pilot project vendors will be expected to complete and submit the MHIQ assessment tool. This will provide HHSC with a baseline of information for each pilot practice site. The MHIQ is a tool used to assess health homeness and can help pilot project applicants identify opportunities for improvement. The MHIQ evaluation tool is accessible at: [www.transformed.com/MHIQ/welcome.cfm](http://www.transformed.com/MHIQ/welcome.cfm).

6. **Assumptions & Expectations:** In no more than 1 page, state any business, economic, legal, programmatic, practical assumptions, or expectations that underlie the pilot project applicant's response to the RFP. HHSC reserves the right to accept or reject any assumptions and expectations. All assumptions and expectations not expressly identified and incorporated into the contract resulting from this RFP are deemed rejected by HHSC.

## **Section B of Application Template: Health Home Pilot Participating Practice Site Information**

SECTION B OF THE APPLICATION MUST BE SUBMITTED FOR EACH PRACTICE SITE INCLUDED IN THE PROPOSED PILOT PROJECT. Section B requires the following information for each practice site and primary care clinician participating in the pilot.

1. **Contact Information** for practice site.
2. **Characteristics** of the practice site.
3. **Clinical composition** of the practice including full-time equivalences (FTEs) by category of clinician.
4. **Practice information** regarding Medicaid revenue and staff turnover.
5. **Core Team:** Names and titles of the members of the practice core team, which should include at least one primary care clinician, an RN or other non-physician clinician, and a family member (or young adult Medicaid beneficiary patient) and a brief description with examples of how the parent or young adult will be included in the work of the practice core team. It is preferred that licensed personnel on the core team have at least two (2) years of professional experience.
6. **Computer-based or web-based functionalities** currently available the practice site.
7. **Medical records** management and use of EMR.
8. **Primary Care Clinicians:** Provide the information regarding patient panel size, provider identifiers, and managed care affiliation for each primary care clinician (PCC) who will be participating in the HHSC Health Home Pilot. All primary care clinicians must be enrolled Medicaid providers who are in good standing with HHSC and, if applicable, other Health and Human Services Agencies.”

## **Section C of Application Template: Health Home Pilot Practice-level Budget Proposal & Details**

SECTION C OF THE APPLICATION MUST BE SUBMITTED FOR EACH PRACTICE SITE INCLUDED IN THE PROPOSED PILOT PROJECT. Section C requires the following information for each practice site participating in the pilot.

**Not-to-Exceed Budget Proposal (Attachment A, Section C):** Submit budget totals per year of project funding for each practice site. Also, submit a detailed budget (to include budget tables per budget item in the order “a”-“g” below) and supporting narrative to document the costs associated with implementing the work plan to increase health homeness. Adapt the budget template as needed to reflect the applicant’s needs.

Because HHSC is interested in promoting creativity and innovation, pilot project applicants are being given wide latitude regarding what will be considered allowable items for procurement for this initiative. However, there are limits to funding, both in terms of available resources and what will fall within the scope of this initiative. HHSC has provided examples of allowable and disallowable items to give pilot project applicants some parameters in considering what to include and not include in the budget. Having a budget item disallowed by HHSC does not in and of itself disqualify the pilot project applicant from consideration, so long as the disallowed item can be funded from another source and does not jeopardize the core of the pilot project applicant's health home project proposal. HHSC in its sole discretion can disallow proposed costs that it determines are not reasonable and necessary to the pilot projects. Any costs not specifically itemized in the budget proposal are subject to review and potential disallowance by HHSC if it determines the costs are not reasonable and necessary to the pilot project.

To receive payment, pilot project vendors will submit monthly or quarterly invoices, in a format approved by HHSC, documenting pilot project expenditures. HHSC will reimburse the pilot project vendors for allowable expenses up to the amounts set forth in the not-to-exceed project budget. Each year, a pilot project vendor may reallocate up to ten percent (10%) of its annual project budget between budget items without HHSC's prior written consent. HHSC's prior written consent is required for any reallocation exceeding this amount. Upon HHSC's request, the pilot project vendor shall provide additional information to the degree of detail necessary to resolve any review, examination, inquiry, or audit by HHSC or any other responsible authority.

<b>Examples of Allowed Pilot Project Costs</b>
Costs of obtaining and populating a patient registry or the costs of expanding EMR functionality to include a patient registry.
Cost of traveling to and attending training sessions conducted by the HHSC practice coach.
The value of lost revenue by the primary care provider on the Practice Core Team as a result of attending learning and/or training sessions.
Costs associated with non-reimbursable activities, such as self-management education, patient outreach, analysis of registry data, practice core team meetings, meetings with the HHSC Practice Coach throughout the duration of the pilot, and care management and care coordination services.
Costs associated with hiring a project director to create a network of rural practices that will join together to create provide Health Home support services, such as care management, patient registry management and data reporting.
Limited funding for costs of renovating existing space to create an additional office that would be used by an on-site behavioral therapist and nutritionist.

<b>Examples of Disallowed Pilot Project Costs</b>
Costs of purchasing and implementing a new electronic medical record system (EMR).
Costs of reimbursement for covered Medicaid services.
Payments made to third parties and/or affiliated entities that are not reasonable and necessary to the pilot project.

The supporting budget proposal narrative (Attachment A, Section C, Health Home Pilot Practice-level Budget Proposal & Details) must address each of the following budget items (limited to one page per budget item per practice site):

- a. Staffing: For staff whose salary will be covered by project funding, the narrative will describe position titles, roles and responsibilities within the proposed Health Home Model program, cost per FTE and percentage of FTE spent on Health Home activities.
- b. Information Technology: For information technology expense to be covered by project funding (such as hardware, software, and IT services), describe the nature of the information technology being requested and specify how it will support Health Home transformation, why this particular technology is necessary and the associated costs.
- c. Medical or Office Technology (non-IT): Describe the medical or office technology funding being requested and why the requested technology is essential to the success of the Health Home, and the associated costs.
- d. Facilities Investments: Describe the nature of the limited facilities investment being requested through project funding, why the changes to the facilities are essential to the success of the Health Home pilot, what alternatives were considered and rejected, and associated costs.
- e. In-kind and Other Resources: Describe any changes or additions to the practice(s) that will be made using in-kind resources or outside funding other than that received from HHSC for the project that will assist in health home transformation.
- f. Travel: Describe anticipated travel costs (airfare, lodging, meals, car rental and fuel, taxi, mileage and parking). Travel costs may not include: administrative expenses, entertainment, laundry, and other incidental travel expenses. Travel costs should be based on state employee travel reimbursement rates (see the [Texas Comptroller's website](#) for more information on state employee travel reimbursement rates).
- g. Other: Describe any other costs associated with implementation of the pilot project.

In developing a budget proposal, pilot project applicants should keep in mind that one of the stated objectives for this HHSC Health Home Pilot Project initiative is that each pilot project operate in a cost-effective manner such that any demonstrated innovations are sustainable over time and conducive to replication across the state of Texas. Pilot project applicants are, therefore, encouraged to think creatively about using pilot project funds to improve access to and the quality of care in a cost-effective manner.

## Part III: General Information

### **Section 3.01 Health and Human Services Commission (HHSC), State of Texas**

Since 1991, HHSC has overseen and coordinated the planning and delivery of health and human service programs in Texas. HHSC is established in accordance with Texas Government Code Chapter 531, and is responsible for the oversight of all Texas health and human service agencies (HHS Agencies). HHSC's chief executive officer is Thomas M. Suehs, Executive Commissioner of Health and Human Services.

### **Section 3.02 HHSC Point of Contact**

The sole point of contact for inquiries concerning this RFP is:

HHSC Enterprise Contract and Procurement Services (ECPS) Division  
Attn: Abel Martinez  
4405 North Lamar Blvd., Bldg. 1  
Austin, Texas 78756  
(512) 206-5524  
abel.martinez@hhsc.state.tx.us

All communications relating to this RFP must be directed to the HHSC contact person named above. All communications between pilot project applicants and other HHSC staff members concerning this RFP are strictly prohibited. **Failure to comply with these requirements may result in proposal disqualification.**

### **Section 3.03 Contract Type and Term**

HHSC will award one or more contracts for health home pilots. The initial contract period will be two years. HHSC reserves the option to amend the terms of the contract for up to two additional years, or as necessary to complete the mission of the procurement.

### **Section 3.04 Contract Elements**

The term "contract" means the contract awarded as a result of this RFP and all exhibits thereto. At a minimum, the following documents will be incorporated into the contract: this RFP and all attachments and exhibits; any modifications, addendum or amendments issued in conjunction with this RFP; [HHSC's Uniform Contract Terms and Conditions \(UTCs\), Version 1.4](#); and the successful pilot project applicant's proposal.

One or more of the "Special Terms" located in Article 16 of the UTCs may apply to the contract, and HHSC reserves the right to negotiate additional contract terms and conditions. Pilot project applicants are responsible for reviewing the UTCs and noting any exceptions, reservations, and limitations on the Applicant Information and Disclosures form.

### **Section 3.05 HHSC's Basic Philosophy: Contracting for Results**

HHSC's fundamental commitment is to contract for results. HHSC defines a successful result as the generation of defined, measurable, and beneficial outcomes that satisfy the contract requirements and support HHSC's missions and objectives. This RFP describes what is required of the contractor in terms of services, deliverables, performance measures

and outcomes, and unless otherwise noted in the RFP, places the responsibility for how they are accomplished on the contractor.

### **Section 3.06 External Factors**

External factors may affect the project, including budgetary and resource constraints. Any contract resulting from the RFP is subject to the availability of state and federal funds. As of the issuance of this RFP, HHSC anticipates that budgeted funds will be available to reasonably fulfill the project requirements. If, however, funds are not available, HHSC reserves the right to withdraw the RFP or terminate the resulting contract without penalty.

### **Section 3.07 Legal and Regulatory Constraints**

#### **1. Delegation of Authority**

State and federal laws generally limit HHSC's ability to delegate certain decisions and functions to a contractor, including but not limited to: (1) policy-making authority, and (2) final decision-making authority on the acceptance or rejection of contracted services.

#### **2. Conflicts of Interest**

A conflict of interest is a set of facts or circumstances in which either a pilot project applicant or anyone acting on its behalf in connection with this procurement has past, present or currently planned personal, professional or financial interests or obligations that, in HHSC's determination, would actually or apparently conflict or interfere with the pilot project applicant's contractual obligations to HHSC. A conflict of interest would include circumstances in which a party's personal, professional or financial interests or obligations may directly or indirectly:

- make it difficult or impossible to fulfill its contractual obligations to HHSC in a manner that is consistent with the best interests of the State of Texas;
- impair, diminish or interfere with that party's ability to render impartial or objective assistance or advice to HHSC; or
- provide the party with an unfair competitive advantage in future HHSC procurements.

Neither the pilot project applicant nor any other person or entity acting on its behalf, including but not limited to subcontractors, employees, agents and representatives, may have a conflict of interest with respect to this procurement. Before submitting a proposal, pilot project applicants should carefully review Article 12 of the Uniform Terms and Conditions for additional information concerning conflicts of interests.

A pilot project applicant must certify that it does not have personal or business interests that present a conflict of interest with respect to the RFP and resulting contract (see the Required Certifications form). Additionally, if applicable, the pilot project applicant must disclose all potential conflicts of interest. The pilot project applicant must describe the measures it will take to ensure that there will be no actual conflict of interest and that its fairness, independence and objectivity will be maintained (see the Pilot project applicant Information and Disclosures form). HHSC will determine to what extent, if any, a potential conflict of interest can be mitigated and managed

during the term of the contract. **Failure to identify potential conflicts of interest may result in HHSC's disqualification of a proposal or termination of the contract.**

### **3. Former Employees of a State Agency**

Pilot project applicants must comply with Texas and federal laws and regulations relating to the hiring of former state employees (see e.g., [Texas Government Code §572.054](#) and [45 C.F.R. §74.43](#)). Such “revolving door” provisions generally restrict former agency heads from communicating with or appearing before the agency on certain matters for two years after leaving the agency. The revolving door provisions also restrict some former employees from representing clients on matters that the employee participated in during state service or matters that were in the employees’ official responsibility.

As a result of such laws and regulations, a pilot project applicant must certify that it has complied with all applicable laws and regulations regarding former state employees (see the Required Certifications form). Furthermore, a pilot project applicant must disclose any relevant past state employment of the pilot project applicant’s or its subcontractors’ employees and agents in the pilot project applicant Information and Disclosure form.

#### **Section 3.08 HHSC Amendments and Announcements Regarding this RFP**

HHSC will post all official communication regarding this RFP on its website, including the notice of tentative award. HHSC reserves the right to revise the RFP at any time. Any changes, amendments, or clarifications will be made in the form of written responses to pilot project applicant questions, amendments, or addendum issued by HHSC on its website. Pilot project applicants should check the website frequently for notice of matters affecting the RFP. To access the website, go to the “[HHSC Contracting Opportunities](#)” page and enter a search for this procurement.

Any amendment to this procurement solicitation will also be posted as an addendum on the Electronic State Business Daily (ESBD). It is the responsibility of interested parties to periodically check the ESBD for updates to the procurement prior to submitting a bid. The pilot project applicant’s failure to periodically check the ESBD will in no way release the selected applicant from addenda or additional information resulting in additional costs to meet the requirements of the RFP.

#### **Section 3.09 RFP Cancellation/Partial Award/Non-Award**

HHSC reserves the right to cancel this RFP, to make a partial award, or to make no award if it determines that such action is in the best interest of the State of Texas.

#### **Section 3.10 Right to Reject Proposals or Portions of Proposals**

HHSC may, in its discretion, reject any and all proposals or portions thereof.

#### **Section 3.11 Costs Incurred**

Pilot project applicants understand that issuance of this RFP in no way constitutes a commitment by HHSC to award a Contract or to pay any costs incurred by a pilot project applicant in the preparation of a response to this RFP. HHSC is not liable for any costs

incurred by a pilot project applicant prior to issuance of or entering into a formal agreement, contract, or purchase order. Costs of developing proposals, preparing for or participating in oral presentations and site visits, or any other similar expenses incurred by a pilot project applicant are entirely the responsibility of the pilot project applicant, and will not be reimbursed in any manner by the State of Texas.

### **Section 3.12 Protest Procedures**

[Texas Administrative Code, Title 1, Part 15, Chapter 392, Subchapter C](#) outlines HHSC's pilot project applicant protest procedures.

### **Section 3.13 Interpretive Conventions**

Whenever the terms "shall," "must," or "is required" are used in this RFP in conjunction with a specification or performance requirement, the specification or requirement is mandatory. A pilot project applicant's failure to address or meet any mandatory requirement in a proposal may be cause for HHSC's rejection of the proposal.

Whenever the terms "can," "may," or "should" are used in this RFP in conjunction with a specification or performance requirement, the specification or performance requirement is a desirable, but not mandatory, requirement. Accordingly, a pilot project applicant's failure to address or provide any items so referred to will not be the cause for rejection of the proposal, but will likely result in a less favorable evaluation.

### **Section 3.14 Applicant/Vendor Conference**

HHSC will hold an applicant/vendor conference on March 15, 2010 at 10:00am in the Health and Human Services Commission, Braker Building, 11209 Metric Blvd, Austin, TX 78758. Conference attendance is strongly recommended, but is not required.

Pilot project applicants may email questions for the conference to the HHSC Point of Contact no later than five (5) days before the conference. HHSC will also give pilot project applicants the opportunity to submit written questions at the conference as well as for one business day after the conference. All questions should reference the appropriate RFP page and section number. HHSC will attempt to respond to questions at the conference, but responses are not official until posted in final form on the HHSC website. HHSC reserves the right to amend answers prior to the proposal submission deadline.

### **Section 3.15 Questions and Comments**

All questions and comments regarding this RFP should be sent to the HHSC Point of Contact. Questions must reference the appropriate RFP page number and heading, and must be submitted by the deadline. HHSC will not respond to questions received after the deadline. HHSC's responses to questions will be posted to the HHSC website. HHSC reserves the right to amend answers prior to the proposal submission deadline.

Pilot project applicants must notify HHSC of any ambiguity, conflict, discrepancy, exclusionary specification, omission or other error in the RFP by the deadline for submitting questions and comments. If a pilot project applicant fails to notify HHSC of these issues, it will submit a proposal at its own risk, and if awarded a contract: (1) shall have waived any claim of error or ambiguity in the RFP or resulting contract, (2) shall not contest HHSC's

interpretation of such provision(s), and (3) shall not be entitled to additional compensation, relief or time by reason of the ambiguity, error, or its later correction.

### **Section 3.16 Modification or Withdrawal of Proposal**

Prior to the proposal submission deadline, a pilot project applicant may: (1) withdraw its proposal by submitting a written request to the HHSC Point of Contact, or (2) modify its proposal by submitting a written amendment to the HHSC Point of Contact. HHSC may request proposal modifications at any time.

HHSC reserves the right to waive minor informalities in a proposal and award a contract that is in the best interest of the State of Texas. A “minor informality” is an omission or error that, in HHSC’s determination, if waived or modified when evaluating proposals, would not give a bidder an unfair advantage over other bidders or result in a material change in the proposal or RFP requirements. When HHSC determines that a proposal contains a minor informality, it may at its discretion provide the pilot project applicant with the opportunity to correct.

### **Section 3.17 News Releases**

Prior to tentative award, a pilot project applicant may not issue a press release or provide any information for public consumption regarding its participation in the procurement. After tentative award, a pilot project applicant must receive prior written approval from HHSC before issuing a press release or providing information for public consumption regarding its participation in the procurement. Requests should be directed to the HHSC Point of Contact.

This does not preclude business communications necessary for an applicant to develop a proposal, or required reporting to shareholders or governmental authorities.

### **Section 3.18 Incomplete Proposals**

HHSC may reject without further consideration a proposal that does not include a complete, comprehensive, or total solution as requested by the RFP.

### **Section 3.19 State Use of Ideas**

HHSC reserves the right to use any and all ideas presented in a proposal unless the pilot project applicant presents a valid legal case that such ideas are trade secret or confidential information, and identifies the information as such in its proposal. A pilot project applicant may not object to the use of ideas that are not the pilot project applicant’s intellectual property and so designated in the proposal that: (1) were known to HHSC before the submission of the proposal, (2) were in the public domain through no fault of HHSC, or (3) became properly known to HHSC after proposal submission through other sources or through acceptance of the proposal.

### **Section 3.20 Property of HHSC**

Except as otherwise provided in this RFP or the resulting contract, all products produced by a pilot project applicant, including without limitations the proposal, all plans, designs, software, and other contract deliverables, become the sole property of HHSC.

### **Section 3.21 Copyright Restriction**

HHSC will not consider any proposal that bears a copyright.

### **Section 3.22 Additional Information**

By submitting a proposal, the pilot project applicant grants HHSC the right to obtain information from any lawful source regarding the pilot project applicant's and its directors', officers', and employees': (1) past business history, practices, and conduct, (2) ability to supply the goods and services, and (3) ability to comply with contract requirements. By submitting a proposal, a pilot project applicant generally releases from liability and waives all claims against any party providing HHSC information about the pilot project applicant. HHSC may take such information into consideration in evaluating proposals.

### **Section 3.23 Multiple Responses**

An applicant may only submit one proposal as a prime contractor. If an applicant submits more than one proposal, HHSC may reject one or more of the submissions. This requirement does not limit a subcontractor's ability to collaborate with one or more applicants submitting proposals.

### **Section 3.24 Joint Proposals**

HHSC will not consider joint or collaborative proposals that require HHSC to contract with more than one entity per pilot project. HHSC will only contract with one prime contractor per pilot project. Applicants must pick a lead to be the prime contractor who will subcontract with the other practice sites participating in the pilot project.

### **Section 3.25 Use of Subcontractors**

Subcontractors providing services under the contract shall meet the same requirements and level of experience as required of the pilot project applicant. No subcontract under the contract shall relieve the pilot project applicant of the responsibility for ensuring the requested services are provided. Pilot project applicants planning to subcontract all or a portion of the work to be performed shall identify the proposed subcontractors.

### **Section 3.26 Texas Public Information Act: General Requirement for the Release of Proposals**

Proposals will be subject to the Texas Public Information Act (the Act), located in [Chapter 552 of the Texas Government Code](#), and may be disclosed to the public upon request. Subject to the Act, pilot project applicants may protect trade secret and confidential information from public release. If the pilot project applicant asserts that information provided in the proposal is trade secrets or other confidential information, it must be clearly marked such information in boldface type and include the words "confidential" or "trade secret" at top of the page. Furthermore, the pilot project applicant must identify trade secret or confidential information, and provide an explanation of why the information is excepted from public disclosure, on the pilot project applicant Information and Disclosures form.

HHSC will process any request from a member of the public in accordance with the procedures outlined in the Act. Pilot project applicants should consult the Texas Attorney General's website ([www.oag.state.tx.us](http://www.oag.state.tx.us)) for information concerning the Act's application to proposals and potential exceptions to disclosure.

**Section 3.27 Financial Capacity**

Applicants are not required to submit evidence of financial capacity with their proposals. HHSC reserves the right to request such information at a later date.

**Section 3.28 Corporate Guarantee**

If the pilot project applicant is substantially or wholly owned by another corporate (or other) entity, HHSC reserves the right to request that such entity unconditionally guarantee performance by the pilot project applicant in each and every term, covenant, and condition of the contract as executed by the parties.

**Section 3.29 Bonding**

HHSC reserves the right to require the pilot project applicant to procure one or more performance, fidelity, payment or other bond, if during the term of the contract; HHSC in its sole discretion determines that there is a business need for such requirement.

**Section 3.30 Proposal Evaluation****1. Initial Compliance Screening**

HHSC will perform an initial screening of all proposals received. Unsigned proposals and proposals that do not include all required forms and sections are subject to rejection without further evaluation. HHSC reserves the right to waive minor informalities in a proposal and award contracts that are in the best interest of the State of Texas.

**2. Competitive Field Determinations**

HHSC may determine that certain proposals are within the field of competition for admission to discussions. The field of competition consists of the proposals that receive the highest or most satisfactory evaluations. HHSC may, in the interest of administrative efficiency, place reasonable limits on the number of proposals admitted to the field of competition.

**3. Oral Presentations and Site Visits**

HHSC may, at its sole discretion, request oral presentations, site visits, and/or demonstrations from one or more pilot project applicants admitted to the field of competition. HHSC will notify selected pilot project applicants of the time and location for these activities, and may supply agendas or topics for discussion. HHSC reserves the right to ask additional questions during oral presentations, site visits, and or demonstrations to clarify the scope and content of the written proposal.

The pilot project applicant's oral presentation, site visit, and/or demonstration must substantially represent material included in the written proposal, and should not introduce new concepts or offers unless specifically requested by HHSC.

**4. Best and Final Offers**

HHSC may, but is not required to, permit pilot project applicants to prepare one or more revised offers. For this reason, pilot project applicants are encouraged to treat their original proposals, and any revised offers requested by HHSC, as best and final offers.

#### **5. Discussions with Applicants**

HHSC may, but is not required to, conduct discussions with all, some, or none of the pilot project applicants admitted to the field of competition for the purpose of obtaining the best value for HHSC. It may conduct discussions for the purpose of:

- Obtaining clarification of proposal ambiguities;
- Requesting modifications to a proposal; and/or
- Obtaining a best and final offer.

HHSC may make an award prior to the completion of discussions with all applicants admitted to the field of competition if HHSC determines that the award represents best value to the State of Texas.

## Part IV: Historically Underutilized Business (HUB), Subcontracting Plan

### Section 4.01 Introduction

In accordance with Texas Government Code [§2161.252](#), a proposal that does not contain a [HUB Subcontracting Plan](#) (HSP) is non-responsive and will be rejected without further evaluation. In addition, if HHSC determines that the HSP was not developed in good faith, it will reject the proposal for failing to comply with material RFP specifications.

HHSC is committed to promoting full and equal business opportunities for businesses in state contracting in accordance with the goals specified in the State of Texas Disparity Study. HHSC encourages the use of Historically Underutilized Businesses (HUBs) through race, ethnic and gender-neutral means. HHSC has adopted administrative rules relating to HUBs, and a [Policy on the Utilization of HUBs](#), which is located on HHSC's website.

Pursuant to [Texas Government Code §2161.181](#) and [§2161.182](#), and HHSC's HUB policy and rules, HHSC is required to make a good faith effort to increase HUB participation in its contracts. HHSC may accomplish the goal of increased HUB participation by contracting directly with HUBs or indirectly through subcontracting opportunities.

### Section 4.02 HHSC's Administrative Rules

HHSC has adopted the CPA's HUB rules as its own. HHSC's rules are located in [Title 1, Part 15, Chapter 392, Subchapter J](#) of the Texas Administrative Code, and the CPA rules are located in [Title 34, Part 1, Chapter 20, Subchapter B](#). If there are any discrepancies between HHSC's administrative rules and this RFP, the rules shall take priority.

### Section 4.03 HUB Participation Goal

The CPA has established statewide HUB participation goals for different categories of contracts in [34 T.A.C. §20.13](#). In order to meet or exceed the HUB participation goals, HHSC encourages outreach to certified HUBs. Contractors shall make a good faith effort to include certified HUBs in the procurement process.

This contract is classified as an **"all other services"** contract under the CPA rule, and therefore has a HUB Annual Procurement Utilization Goal of **33%** per fiscal year.

### Section 4.04 Required HUB Subcontracting Plan (HSP)

HHSC has determined that subcontracting opportunities are probable for this RFP for administrative services. Administrative services include the services and functions necessary to manage the delivery of and payment for pilot project activities, but **do not** include the direct delivery of medical Medicaid covered services by Medicaid providers. Administrative Services include but are not limited to clinical and/or quality management, service authorization, data processing, Information Services (IS) operation and reporting. The pilot project applicant must submit an HSP with its proposal for administrative services only. The HSP is required whether a pilot project applicant intends to subcontract or not.

HSP requirements will not apply to subcontracts with network or other medical providers participating in the pilot project (providers who contract directly with the pilot project applicant to deliver medical Covered Services to children enrolled in Medicaid).

In the HSP, a pilot project applicant must indicate whether it is a Texas certified HUB. Being a certified HUB does not exempt a pilot project applicant from completing the HSP requirement.

During the good faith effort evaluation, HHSC may, at its discretion, allow clarifications or enhancements to information submitted with the HSP.

#### **Section 4.05 CPA Centralized Master Bidders List**

Pilot project applicants may search for HUB subcontractors in the CPA's Centralized Master Bidders List (CMBL) HUB Directory, which is located on the CPA's website at <http://www2.cpa.state.tx.us/cmbl/cmblhub.html>. For this procurement, HHSC has identified the following class and item codes for potential subcontracting opportunities:

*NIGP Class/Item Code:*

- 958-56: Health Care Management Services ( Including Managed Care Services)
- 920-37: Networking Services (Including Installation, Security, and Maintenance)
- 920-39: Processing System Services, Data (Not Otherwise Classified)
- 920-40: Programming Services, Computer
- 948-07: Administration Services, Health
- 915-49: High Volume, Telephone Call Answering Services (See 915-05 for Low Volume Services)

Pilot project applicants are not required to use, nor limited to using, the class and item codes identified above, and may identify other areas for subcontracting.

HHSC does not endorse, recommend nor attest to the capabilities of any company or individual listed on the CPA's CMBL. The list of certified HUBs is subject to change, so pilot project applicants are encouraged to refer to the CMBL often to find the most current listing of HUBs.

#### **Section 4.06 HUB Subcontracting Procedures - If a Pilot Project Applicant Intends to Subcontract**

An HSP must demonstrate that the pilot project applicant made a good faith effort to comply with HHSC's HUB policies and procedures. The following subparts outline the items that HHSC will review in determining whether an HSP meets the good faith effort standard. A pilot project applicant that intends to subcontract for administrative services must complete the HSP to document its good faith efforts.

For step-by-step audio/video instructions on how to complete the HSP, you may also visit the CPA's website at: <http://www.cpa.state.tx.us/procurement/prog/hub/hub-subcontracting-plan/>.

#### **Section 4.07 Identify Subcontracting Areas and Divide Them into Reasonable Lots**

A pilot project applicant should first identify each area of the contract work it intends to subcontract to administrative service subcontractors. Then, to maximize HUB participation, it should divide the contract work into reasonable lots or portions, to the extent consistent with prudent industry practices.

#### **Section 4.08 Notify Potential HUB Subcontractors**

Pilot project applicants must notify three (3) or more certified HUBs of each administrative service subcontracting opportunity. For example, if a pilot project applicant intends to subcontract two (2) areas of administrative services work, then for each class/item code, the pilot project applicant must notify at least three (3) HUB subcontractors who provide that type of work.

Pilot project applicants must provide written notice to potential HUB subcontractors prior to submitting proposals. The notice must include:

- a description of the scope of work to be subcontracted;
- information regarding the location to review project plans or specifications;
- information about bonding and insurance requirements;
- required qualifications and other contract requirements; and
- a description of how the subcontractor can contact the pilot project applicant.

Pilot project applicants must give potential HUB subcontractors a reasonable amount of time to respond to the notice, generally no less than five (5) working days from receipt. In rare situations, HHSC will allow a shorter notification period if the pilot project applicant demonstrates: (1) circumstances warranting a shorter notification period, and (2) potential subcontractors still had sufficient time to complete their responses.

Pilot project applicants must use the CMBL, the HUB Directory, and Internet resources when searching for HUB subcontractors. Pilot project applicants may rely on the services of contractor groups; local, state and federal business assistance offices; and other organizations that provide assistance in identifying qualified applicants for the HUB program. Pilot project applicants also must provide written notice to minority or women trade organizations or development centers, which can disseminate notice of subcontracting opportunities to their members/participants. A list of minority and women trade organizations is located on HHSC's website under the [Minority and Women Organization](#) link.

#### **Section 4.09 Written Justification of the Selection Process**

A pilot project applicant must provide written justification of its selection process if it chooses a non-HUB subcontractor. The justification should demonstrate that the pilot project applicant negotiated in good faith with qualified HUB bidders, and did not reject qualified HUBs who were the best value responsive bidders.

#### **Section 4.10 Alternatives to Good Faith Effort Requirements (Applies Only to Mentor Protégé and Professional Services Contracts)**

## **1. Mentor Protégé Program**

HHSC will accept a Mentor Protégé Agreement that has been entered into by a pilot project applicant (mentor) and a certified HUB (protégé) in accordance with [Texas Government Code §2161.065](#). Participation in the Mentor Protégé Program, along with the submission of a protégé as a subcontractor in an HSP, constitutes a good faith effort for the particular area subcontracted to the protégé. If a pilot project applicant proposes to subcontract with a protégé, it does not need to provide notice to three (3) applicants for that subcontracted area. To demonstrate that a pilot project applicant meets the good faith requirement for mentor/protégé arrangements, the HSP should:

- Include a fully executed copy of the Mentor Protégé Agreement, which must be registered with the CPA prior to submission to HHSC, and
- identify areas of the HSP that will be performed by the protégé.

## **2. Professional Services**

A pilot project applicant who submits an HSP for a professional services contract that meets or exceeds the CPA's Annual Procurement Utilization Goal of 20% for professional services contracts will be determined to have met the good faith effort requirement. If a professional services proposal that includes less than 20% HUB participation, the pilot project applicant must follow the good faith effort requirements set forth in other parts of Section 4.06.

### **Section 4.11 HUB Subcontracting Procedures - If a Pilot Project Applicant Does Not Intend to Subcontract**

If the pilot project applicant plans to complete all administrative services with its own equipment, supplies, materials and/or employees, it is still required to complete an HSP. The pilot project applicant must complete the "Self Performance Justification" portion of the HSP, and attest that it does not intend to subcontract for any goods or services, including the class and item codes identified in Section 4.05. In addition, the pilot project applicant must identify the sections of the proposal that describe how it will complete the administrative services component of the Scope of Work using its own resources or provide a statement explaining how it will complete the Scope of Work using its own resources. The pilot project applicant must provide the following information regarding self-performance if requested by HHSC:

- evidence of sufficient pilot project applicant staffing to meet the RFP requirements;
- monthly payroll records showing the pilot project applicant staff fully dedicated to the contract; and
- documentation proving employment of qualified personnel holding the necessary licenses and certificates required to perform the Scope of Work.

### **Section 4.12 Post-award HSP Requirements**

After contract award, HHSC will coordinate a post-award meeting with the successful pilot project applicant to discuss HSP reporting requirements. The contractor must maintain business records documenting compliance with the HSP, and must submit monthly reports

to HHSC by completing the HUB "[Prime Contractor Progress Assessment Report](#)." This monthly report is required as a condition for payment. In addition, the contractor must allow periodic onsite reviews of the contractor's headquarters or work site where services are to be performed if requested by HHSC.

Once accepted, the finalized HSP will become part of the contract with the successful pilot project applicant. HHSC's UTCs outline the procedures for changing the HSP, as well as the HSP compliance and reporting requirements. All changes to the approved HSP require prior HHSC approval. In general, if the contractor decides to subcontract any part of the contract after the award, it must follow the good faith effort procedures outlined in Section 4.06 of this RFP (e.g., divide work into reasonable lots, notify at least three (3) applicants per subcontracted area, provide written justification of the selection process, participate in the Mentor Protégé Program, or for professional services contracts meet the 20% goal). For this reason, HHSC encourages pilot project applicants to identify, as part of their HSP, multiple subcontractors who are able to perform the work in each area the pilot project applicant plans to subcontract. Selecting additional subcontractors may help the selected contractor make changes to its original HSP, when needed, and will allow HHSC to approve any necessary changes expeditiously.

Failure to meet the HSP and post-award requirements will constitute a breach of contract, and will be subject to remedial actions. HHSC may also report noncompliance to the CPA in accordance with the CPA's vendor performance ([see 34 T.A.C. §20.108](#)) and debarment program ([see 34 T.A.C. §20.105](#)).