



Presentation to the House General Investigating & Ethics Committee on Contracting

Health and Human Services Commission

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Procurement and Contracting Services
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Texas HHS Overview

- The Texas health and human services system includes five agencies, four of which operate under the oversight of the Health and Human Services Commission
- Together, these five agencies administer more than 200 programs ranging from Medicaid to Child Protective Services to regulatory and licensing functions

Contracting Overview

- HHSC consolidated procurement services in 2013
- This division, Procurement and Contracting Services, now makes purchases of administrative and client services for all 5 HHS agencies
- Consolidating contract management requires vast coordination across the system
- The consolidation and coordination of all contracting operations is an ongoing process

Procurement Types

- Types of procurement at HHSC include:
 - Competitive solicitations – Requests For Proposals (RFPs), Invitation For Bids, Request for Offers, etc.
 - DIR IT Commodity purchases and TPASS SmartBuy purchases
 - Open enrollment contracts for service providers
 - Construction contracts
 - Professional and consulting services contracts
 - Council on Competitive Government, Texas Correctional Industries, and Texas Industries for the Blind and Handicapped

Procurement Types: Competitive Solicitations

Competitive Solicitations

- Post the solicitations on the Electronic State Business Daily (ESBD) and the HHSC Web page to seek bids from all eligible companies and providers
- All staff involved in writing the RFP or evaluating the responses must disclose any conflicts of interest
- Staff negotiates with qualified respondents to get the best possible price and highest performance standards before entering a contract
- RFPs are awarded to the vendors with proposals representing the best value for the state

Procurement Types: DIR IT Commodity Purchases

DIR IT Commodity Purchases

- State law requires agencies to buy IT goods and services through Department of Information Resources' (DIR) contracts or get an exemption from DIR
- Getting quotes from multiple vendors is suggested but not required by DIR rules
- HHSC is now sending out price requests, with scopes of work, to all DIR contractors for purchases over \$25,000

Procurement Types: Open Enrollment

Open Enrollment

- Agency establishes qualifications and any eligible provider can enroll to provide that service
- Providers in open enrollment contracts are paid standard rates set by the agency
- Example: pharmacies, hospitals and nursing facilities

Ongoing Improvements

- HHSC is committed to not just correcting the contracting issues that have been identified, but to becoming a leading model of how state contracting should be done
- HHSC has a Risk and Compliance Management division that is assisting PCS with developing Risk Assessments to identify “high-risk” contracts, at all stages
- HHSC has a Chief Ethics Officer, who provides instruction on all contractual ethics issues
- A team of lawyers will be providing support to every stage of contracting

Ongoing Improvements

- When HHSC purchases through a DIR contract in an amount of \$25,000 or more:
 - The project must be approved by IT and Legal staff before seeking quotes
 - The request for price and scope of work are sent to all vendors on the DIR contract for that good or service
 - We follow the same evaluation process used for competitive procurements, including negotiations
 - These policies were effective January 5, 2015

Ongoing Improvements

- HHSC is also working on continued improvements to all contracting systems:
 - Reviewing all purchases, to identify goods and services that could be procured by TPASS or DIR as Term or Master Contracts for the state
 - Reviewing the adequacy and effectiveness of ethics disclosures with the Chief Ethics Officer
 - Continuing to enhance expertise of the Procurement and Contracting Services division
 - Identifying needed improvements to the HCATS contract management system and ensuring all agencies use this one system for contract management