

NORTHCARE NETWORK

POLICY TITLE: Procurement of Goods & Services	CATEGORY: Financial Management	
EFFECTIVE DATE: 6/2/02	BOARD APPROVAL DATE: 6/25/13	
REVIEWED DATE: 10/25/22	REVISION(S) TO POLICY STATEMENT: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	OTHER REVISION(S): <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
RESPONSIBLE PARTY: Chief Financial Officer	CEO APPROVAL DATE: 11/1/22 Dr. Tim Kangas, CEO	

APPLIES TO

NorthCare Network Personnel

POLICY

It is the policy of NorthCare Network that transactions in excess of \$5,000 be conducted, whenever possible, in a manner which encourages open and free competition and value purchasing, but which does not sacrifice nor have an adverse impact on the quality of the services provided. Procurement processes will follow applicable federal and state laws.

PURPOSE

To assign responsibility and establish a uniform and centralized approach to evaluating and selecting goods and service providers, negotiating, and awarding service contracts, and entering into agreements. Services and supports necessary for achieving NorthCare Network's mission should be purchased at fair and economical prices with appropriate attention to the quality of care and maintenance of existing care relationships and service networks currently used by Medicaid recipients.

DEFINITIONS

1. ***Avoidable Cost Analysis:*** Compare the cost of the provider currently providing a service (known as the avoidable costs) with the sum of the total costs of a contractor (contract costs) providing the service plus the cost associated with the work the current provider has to do to manage the contract (transaction costs).
2. ***Competitive Bidding:*** The formal process of soliciting proposals/quotations for the provision of services through public advertisements pursuant to a Request for Proposal.
3. ***Competitive Negotiation:*** The process of selecting several short-listed vendors using particular criteria and then negotiating with each to obtain the best proposal based on clear objectives.
4. ***Competitive Sealed Bids:*** Following an invitation to bid, confidential bids are received, tabulated, and evaluated. Awards are then made to the lowest responsive and responsible provider.

5. **Consultant:** Any individual, organization, group, association, partnership, firm, joint venture, corporation, or any combination thereof providing professional service to NorthCare Network who is not an employee of NorthCare Network.
6. **Contractor:** A public or private sector entity with which NorthCare Network has entered into a formal contract.
7. **Deliverables:** Services or work product to be performed including status reports, recommendations, analysis and other reports and documentation as required.
8. **Evaluation Criteria:** Criteria listed in a solicitation letter, RFQ/RFI or RFP against which the proposer and/or proposal will be evaluated for purposes of determining which proposer and/or proposal will be awarded a contract.
9. **Non-Competitive Negotiation:** The selection of a service provider and negotiation of a written contract, which does not occur through a competitive bidding process.
10. **Professional Services:** Those services provided by independent contractors within the scope of their practice including nursing, physicians, therapist, residential services, day program services, inpatient services, and all other services to staff and/or consumers of NorthCare Network.
11. **Proposal:** Refers to written and oral information submitted by a proposer in response to a Solicitation Document, (RFP or RFQ/RFI).
12. **Proposer:** Refers to those responding to a solicitation document RFP or RFQ/RFI.
13. **Request for Proposal (RFP):** The specifications required for submission of a proposal/quotation for the provision of services as delineated by NorthCare Network.
14. **Request for Qualifications/Information (RFQ/RFI):** The specification of required qualifications for the provision of services as delineated by NorthCare Network.
15. **Selection Panel:** A multi-disciplinary team of three or more people created to evaluate submittals against the stated evaluation criteria for the purpose of making a selection.
16. **Solicitation Document:** A RFP or RFQ/RFI that consists of a package of documents or materials sent to potential proposers when soliciting proposals. Materials would include scope of work, evaluation criteria, submittal requirements and required forms.
17. **Solicitation Period:** The time between the date when a solicitation document (such as an RFP or RFQ/RFI) is advertised or distributed and the dates the proposals are to be reviewed.
18. **Submittal Information:** Information submitted by a proposer in order to evaluate qualifications to perform the work or provide service.
19. **Substantial Nature:** This refers to contracts or purchases greater than \$5000.00.

REFERENCES

- 42 CFR, Balanced Budget Act of 1997, 438.214
- MDHHS Procurement Technical Requirement
- MDHHS Procurement Checklist from Procurement Technical Requirement
- 45 CFR 74
- 42 CFR 434
- OMB Uniform Guidance
- Medicaid Provider Manual
- Applicable NorthCare Network Policies

HISTORY

REVISION DATE: 12/18/02, 12/9/10, 9/12/12; 6/21/13, 1/6/14, 5/14/14,5/5/15, 4/1/16, 12/4/17, 11/5/18, 12/12/19, 8/24/21, 10/25/22

REVIEW DATE: 2/27/13; 6/21/13, 1/6/14, 5/14/14, 5/5/15,4/1/16, 1/30/17, 12/4/17, 11/5/18, 12/12/19, 8/24/21, 10/25/22

CEO APPROVAL DATE: 2/27/13; 6/21/13, 1/6/14, 5/14/14, 5/5/15,4/4/16,2/7/17, 12/11/17, 11/6/18, 1/7/20, 9/7/21, 11/1/22

BOARD APPROVAL DATE: 6/26/02; 3/2/11; 10/3/12; 3/6/13; 6/25/13

PROCEDURES

NorthCare Network will continually assess consumer needs, and secure services and items to meet those care needs, by planning for the expansion, adjustment, and improvement of the Provider Network or directly operated programs. NorthCare Network will ensure that any Procurement Technical Requirements in the MDHHS/PIHP Contract, or other state and federal purchasing guidelines are followed.

1. The procedures set forth in this document are for the selection of all goods and services retained by NorthCare Network.
2. The preferred method of procurement is through the competitive process.
3. These procurement procedures may be waived by the CEO when a single source, special market condition, or emergency exists.
4. All qualified providers (criteria: accreditation status, fiscal stability, litigation status, insurance levels and enrollment in the Provider Network, warranty, guarantee) expressing an interest in contracting with NorthCare Network will be given the opportunity to compete for contracts.
5. In order to ensure a competitive process, NorthCare Network will solicit at least three (3) responses to any solicitation not advertised in the newspapers.
6. NorthCare Network will maintain centralized files documenting the competitive bid procurement process for a period of ten years from contract award.
7. Amendments and other changes may only be made to contracts within the original scope of work of the contract.
8. The MDHHS procurement checklist will be used as a guide in procurement activities.

PROCEDURES FOR COMPETITIVE BIDDING

A. A master list of interested bidders will be maintained on file. Notice will be given to current providers in advance of the date of the advertisement.

B. The person requesting the service:

1. Drafts the RFP/RFQ including the following:
 - a. Scope of Work – which includes start and end dates, description/technical requirements of the services or goods to be acquired, a description of the deliverables, credentialing/privileging, any constraints on performance and the circumstances (i.e.: population, statues, rules, licensing requirements, etc.) under which services are to be provided. Contractors must maintain during the term of their contract liability insurance as outlined in the MDHHS/PIHP contract.
 - b. Evaluation Criteria – the criteria must clearly state the standard against which the proposal will be evaluated as well as how criteria will be weighed (worth so many points each) if applicable. NorthCare Network supports the consideration for experience/expertise and past business experiences as acceptable criteria.
 - c. Submittal Information – identifies required submittal information which may include a statement of qualification, a proposal, written information submitted via a questionnaire, other written information, an oral presentation or interview, insurance information and references.
 - d. Announcement – The date, time and location of the bidder’s meeting for all contractors interested in the submission of proposal/quotations.
 - e. Contract – A sample contract will be included.
2. Creates evaluation process/forms to be used by the selection panel. The evaluation process/forms must include the evaluation criteria (i.e.: qualifications, cost, compliance, quality, etc.). The weighing as described in the RFP for each criteria, a place for each evaluator to numerically score each proposal against each evaluation criteria and a place for the evaluator to record written comments.
3. Identifies and recommends at least three people (may include staff and consumers) to serve on the selection panel. The selection panel to be approved by the CEO or designee.
4. Provides three or more proposers with the Scope of Work, Evaluation Criteria and Submittal Requirements and/or advertises the RFP in entire catchment area, for at least three (3) days. The RFP shall be forwarded to all contractors requesting such whether solicited via advertisement or other means.
5. Answers questions that come up during the solicitation period, particularly technical questions. Any question that cannot be answered by pointing to language in the RFP must be responded to (if at all) in writing to all proposers.

- C. The CFO or designee receives the Submittal Information.
- D. The CFO or designee sends submittal information and evaluation forms to the Selection Panel.

Action By: Selection Panel

- 1. Composition must reflect the appropriate knowledge and expertise of the goods or services under consideration.
- 2. Shall sign a statement of confidentiality prior to participation on the panel.
- 3. All selection panel members shall sign a statement of no conflict of interest.
- 4. Reviews and evaluates the submittals, conducts reference checks and scores each proposer against the stated evaluation criteria using information contained in the proposals. The Selection Panel may also request oral interviews with proposers.
- 5. Sends a selection recommendation to the NorthCare Network CEO along with the basis for the final ranking and all evaluation forms.

Action By: NorthCare Network CEO

- 1. Presents to the NorthCare Network Board for approval of contract.
- 2. Waiver of Competitive Bid Process:

Under one or more of the circumstances listed below, NorthCare Network's CEO may grant a waiver from the procurement process and select a service provider or vendor without a competitive bidding process. These circumstances include:

- a. The service is available only from a single source;
- b. There is a public exigency or emergency, and the urgency for obtaining the service does not permit a delay incident to competitive solicitation;
- c. After solicitation of a number of sources, competition is determined to be inadequate;
- d. The services sought are professional services of limited quantity or duration;
- e. The services are unique and/or the selection of the service provider has been delegated to the individual under a self-determination program; and
- f. Existing residential service programs where continuity of care arrangements are of paramount concern.

Action By: NorthCare Network Board

- 1. The board reserves the right to reject all bids, to waive or not to waive irregularities in bids or bidding procedures, and to select any bid even though not the lowest.

Action By: NorthCare Network CFO, Contract Manager and Provider Network Management

1. Ensures all procurement transactions are conducted in a manner to provide, to the maximum extent practical, open and free competition.
2. Prepares contract which includes the following elements:
 - a. Provisions found in Standard boilerplate including: Equal Employment Opportunity, Fair Labor Standards Act, Americans with Disabilities Act, Balanced Budget Act, Fair Housing Act, Michigan Persons with Disabilities Civil Rights Act, Michigan Mandatory Special Education Act, the Anti-Kickback Act, Public Act 469 of 1980, being MCL 15.361 et seq., otherwise known as the Whistle Blowers Protection Act, OSHA and/or MIOSHA Regulations, The Child Protection Act, Adult Protective Services Act and Assault Reporting, The Anti-Lobbying Act, Pro Children Act, The Hatch Act, The Drug Free Workplace Act, HIPAA regulations, Elliott Larsen Civil Rights Act, ; Age Discrimination Act, the Federal Rehabilitation Act ,
 - b. Duty to treat and accept referrals, prior authorization requirements, access standards and treatment time lines, screenings, relationship with other providers, reporting requirements, QA/QI systems, payment arrangements for services and withholds that may apply to contractor failing to meet deliverables, anti-delegation clause, compliance with the Office of Civil Right Policy Guidelines on Title VI “Prohibition Against Discrimination as it Affects Persons with Limited English Proficiency”, Early Periodic Screening, Diagnosis and Treatment (EPSDT) requirements, Debarment and Suspension, staffing and training requirements, Parity (42CFR part 438 subpart K), Audits/Reviews, Grievance Procedures, Liability, Insurance;
 - c. Provisions for the Contractor to participate in NorthCare Network quality improvement and utilization review activities, as appropriate;
 - d. Provisions for the immediate transfer of consumers to a different contractor if their health or safety is in jeopardy;
 - e. Termination clause, remedial actions clause and requirement for all subcontracting by contractors follow NorthCare Network standards;
 - f. Not prohibit a provider from discussing treatment options with a consumer that may not reflect NorthCare Network’s position or may not be covered by NorthCare Network;
 - g. Not prohibit a contractor from advocating on behalf of the consumer in any grievance or utilization review process, or individual authorization process to obtain necessary health care services;
 - h. Prescribe the frequency with which performance reports shall be submitted;
 - i. Require contractors to meet Medicaid accessibility standards as established in Medicaid policy and the contract;
 - j. Identifies the complete scope of work, description of all deliverables, the contract period, and names of contact representatives for NorthCare Network and contractor.

3. Credentials/re-credentials providers, including criminal background checks, and checks to make sure the proposer has not previously or currently been sanctioned by the Medicaid program.
4. May not contract or employ providers excluded from participation in Federal health care programs under either Section 1128 or 1128A of the Social Security Act.
5. Must not discriminate against particular providers that serve high-risk populations or specialize in conditions that require costly treatment.
6. Sends proposer copy of the contract and letter requesting any other needed information.
7. Receives and distributes copies of signed contract.

Action By: Person Requesting the Waiver

1. Drafts a memo to NorthCare Network's CEO requesting a waiver from competitive procurement processes. At a minimum the memo will include: A statement of the procurement process to be waived; the basis for the waiver (i.e. sole source, special market condition, or emergency); the factual circumstances justifying the waiver and any steps taken to ensure that NorthCare Network is getting qualified services at a reasonable price.
2. If a waiver request is in response to an emergency and approved by the CEO, or his designee, negotiate the contract with the CFO.

Action By: NorthCare Network CEO

1. Request NorthCare Network Board approval of contracts as outlined in the NorthCare Network's Bylaws, as amended, and the Bylaws Resolution for Emergency Contract Approval Authorization.

POST AWARD PROCEDURES

1. Contract administration shall be maintained to ensure contractor conformance with the terms, conditions and specifications of the contract and to ensure adequate and timely follow up of all purchases. The contract management review team will evaluate contractor performance and document, as appropriate, whether contractors have met the terms, conditions and specifications of the contract. Minimally these shall include financial and program performance and necessary standard reporting forms. An annual site review will be conducted for all sites and prior to contract renewal.
2. Recipients shall evaluate contractor performance and document, as appropriate, whether contractors have met the terms, conditions and specifications of the contract.
3. Procurement files shall be maintained for 10 years and contain at minimum:
(a) basis for the contractor selection (b) justification for lack of competition when competitive bids or offers were not obtained, and (c) basis for award cost or price.