Policy Section	Contracts	Policy Number	III-006-003
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		Approved By	Jessie Majeska
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POLICY

It is the policy of Tuscola Behavioral Health Systems (TBHS) to renew contracts with existing providers or to publicly bid out contracts at the time of expiration.

PURPOSE

The purpose of this policy is to establish procedures for the noncompetitive solicitation and selection of contract services, for procurement to obtain best prices without selective contracting and for the competitive procurement of contract services through selective contracting.

APPLICATION

This policy shall be applicable to staff of the Financial Services Dirvision of TBHS.

DEFINITIONS

n/a

PROCEDURES

The objectives of TBHS are to secure necessary goods and services at fair and economical prices with appropriate attention to quality of care and maintenance of existing care relationships and to create or expand options for choice by individuals served. When it has been determined that TBHS is in need of contractual services, the TBHS Chief Executive Officer (CEO) (or his/her designee) shall make systemic inquiries on the availability of any contractual service provider(s) whom may have the qualifications and the experience required to meet the specific needs of TBHS for the specific good or service.

I. TBHS will follow the Code of Federal Regulations for Procurement Standards:

General Procurement Standards:

A. TBHS will use its own documented procurement procedures.

B. TBHS will maintain oversight to ensure that contractors perform in accordance with the terms, conditions and specifications of the contract or purchase order.

C. TBHS will maintain written standards of conduct covering conflicts of interest and governing the actions of its employees engaged in the selection process, award and administration of contracts.

D. TBHS will avoid acquisition of unnecessary or duplicative items.

E. TBHS is encouraged to use agreements for procurement or use of common or shared goods or services.

F. TBHS is encouraged to use Federal excess or surplus property.

G. TBHS is encouraged to use value engineering clauses in construction projects.

H. TBHS will only award contracts to responsible contributors.

I. TBHS will maintain records sufficient to detail the history of procurement.

J. TBHS may use a time and materials type contract only after a determination that no other contract is suitable and if the contract includes a ceiling price that the contractor exceeds at its own risk.

K. TBHS will be responsible in accordance with good administrative practice and sound business judgement, for the settlement of all contractual and administrative issues arising out of procurements.

Competition:

A. TBHS will conduct all procurement transactions in a manner providing full and open competition.

B. TBHS will prohibit geographical preferences.

C. TBHS will have written procedures for procurement transactions.

D. TBHS will ensure prequalified lists are current and include enough to maximize open competition.

Methods of Procurement to be followed:

A. Micro purchase up to $3,000 – no quotes needed.

B. Micro purchases from $3001 to $10,000 – quotes either verbal or written must be obtained.

C. Small purchases between $10,001 and $250,000 – price or quotes must be obtained.

D. Sealed bids over $250,000 – formal advertising.

Contracting with Small, Minority, Women's Business

A. TBHS will consider contracts with small, minority and women's businesses and will use when possible.

Contract Cost and Price

A. TBHS will perform a cost or price analysis if over $250,000.

B. Negotiate profit when there is no price competition.

C. Cost or prices are based on estimated costs.

D. TBHS will not use a cost plus percentage of contracting.

Federal Awarding Agency or Pass-Through Entity Review

A. TBHS will make technical specifications on proposed procurement available upon request and make proposals available upon request, if over $250,000.

Bonding Requirements

A. For construction or facility improvement contracts exceeding $250,000, TBHS will obtain a bid guarantee, performance bond and a payment bond.

Any contract for services with a value exceeding $10,000 or if multiple contracts under one provider cause the total of the provider contracts to exceed $10,000, the contract(s), must have the approval of the Board of Directors. Any contract for services with a value under $10,000 must have the approval of the CEO. All contracts and contract providers must meet the requirements of TBHS, the state, and the federal government, as applicable.

II. Renewal of Existing Contracts

Prior to the expiration of a contract, the Contract Manager will inquire with the Chief Financial Officer (CFO) if a renewal of the contract is recommended. If renewal is deemed appropriate, the Contract Manager will request approval from the CEO. Once approval is given, the contract will be placed on the Board listing for approval by the Board of Directors, if required based on notations above.

III. Non-Competitive Procurement

The TBHS CEO (or his/her designee) may enter into preliminary noncompetitive negotiation with a particular service provider if at least one of the following circumstances apply:

A. The service is available only from a single source.

B. There is a public exigency or emergency where the urgency for the requirement will not permit a delay incident to competitive solicitation.

C. After solicitation of a number of sources, competition is determined inadequate.

D. The services involved are professional services of limited quantity or duration.

E. The services involved are administrative services which do not constitute comprehensive management services or significant automated data processing services.

F. The selection of the service provider was through choice by the individual served and the provider accepts TBHS contractual requirements and the service provider's rate is acceptable by TBHS.

G. The services are provided by a contractor, where continuity of care arrangements are of paramount concern for the individual served.

If TBHS does not plan to restrict or otherwise limit the number of providers who can participate in TBHS provider panel network for specific services, the CEO and/or designee may negotiate with multiple available service providers who may have the qualifications and the experience required to meet the specific needs of TBHS for the specific service(s) and may recommend that the Board of TBHS approve service contracts with such providers on a service unit fee for actual services basis.

Upon completion of such noncompetitive negotiations, the CEO may recommend that the Board of TBHS approve a service contract.

IV. Competitive Procurement

If none of the above-cited circumstances apply the CEO shall implement a procurement process to obtain best prices without selective contracting or a process for the competitive procurement of contract services through selective contracting.

A. Competitive Procurement – Without Selective Contracting
If the CEO implements a process for procurement to obtain best prices without selective contracting, it shall constitute an "any willing and qualified provider" process whereby bids can be solicited and used by TBHS to set prices for a service and then contracts or other provider agreements can be offered by TBHS to any qualified provider that is willing to fulfill the contract and meet the price.

B. Competitive Procurement – Selective Contracting
If the CEO implements procurement for selective contracting, TBHS would purchase specific services from a provider or a limited number of providers who agree(s) to fulfill contractual obligations for an agreed upon price. The CEO and/or designee shall identify the specific services to be provided and seek proposals/price bids. The CEO shall make recommendation to the Board of Directors for the offering of a contract(s) to the service provider(s) whom are the successful bidder(s) that met the bid requirements of the agency and thereby possess the qualifications and the experience required to meet the specific needs of the agency for the specific service and whom represents, in the technical assessment of the CEO, the most feasible choice(s) for the agency; the Board of Directors shall approve the awarding of the contract(s) to the most appropriate bidder(s).

It is the policy of TBHS to abide by the following standards relating to each of the identified areas for all Competitive Procurements if applicable:

STANDARDS FOR INVOLVEMENT OF INDIVIDUALS SERVED

1. Whenever possible and practical, individuals served and their families will be involved in the development of requests for proposals which directly impact care and services.
2. Whenever possible, individuals served and their families will be involved in the evaluation of proposals received in response to a request for proposals and in the contract award process.

STANDARDS FOR BIDDER LIST MAINTENANCE

1. TBHS may maintain a list of potential bidders. The list shall be maintained by category of service (i.e., DD Residential Care Providers, Physicians, etc.).
2. Any individual or entity may request to be added to the list of potential bidders provided they are qualified to provide services in the category within which they wish to be listed.
3. Potential bidders will be requested to submit a provider network application prior to being added to the bidders list.

STANDARDS FOR ISSUING REQUESTS FOR PROPOSALS

Each request for proposal (RFP) issued by TBHS shall conform to the following standards:

1. Potential Provider Qualifications: Minimum staff qualifications and experience, organizational and/or management expertise, financial stability, reputation and other qualifications shall be specified in the RFP. Only those individuals or entities which meet the qualifications shall be considered further.
2. Contact Person and Response Deadline: The RFP shall identify the name, address, e-mail address, and telephone number of a contact person for the purpose of the proposal and shall bear a deadline date for the submission of responses. To avoid the appearance of impropriety, the contact person shall not be the same as the program supervisor, manager or chief for the program to which the RFP relates. The deadline specified for the submission of responses to the RFP shall not be less than 14 days from the issue date of the RFP. Responses received after the deadline will not be considered. In the event no responses are received, TBHS will consider re-posting the RFP or follow-up with any new inquires that arise. If necessary, the RFP process may be put in place should the new inquiry result in interest. This will be dependent on the number of times the ad was posted and if multiple inquiries are received.
3. Nature and Scope of Work: The specific nature, context and scope of work to be performed by the potential provider shall be specified in sufficient detail as to enable an educated and informed response to the RFP. Any explanatory attachments will be referenced and labeled.
4. Provisions for Clarification: The RFP will include provisions for all of the following:
   A. Answering questions from prospective bidders about the RFP (i.e., bidders meeting, responses to written questions, etc.).
   B. Procedures for how changes to the RFP that occur after the issue date will be handled, who will be notified of those changes and how they will be made.
5. Evaluation Criteria: The RFP may include categorical criteria against which the bidder's proposal will be evaluated and the maximum number of points that will be awarded for each category. Under each category, examples may be provided. Any weights that are assigned to any particular category will also be disclosed in the RFP. The RFP will also stipulate how the bid or proposal will be evaluated (i.e., single decision maker, selection committee, etc.).
6. Submission Requirements: The RFP will specify the form and format of the responses solicited. The requirements will identify, in detail, exactly what is required from bidders and how these are

to be arranged and/or presented. Incomplete proposals will not be considered. Forms that TBHS requires to complete a proposal will be provided.

7. Contractual Obligations: The RFP will specify those critical aspects of the proposal which will become contractual obligations, and shall delimit additional contractual obligations in the event that a contract is awarded. The RFP shall specify that, by submitting an original, signed response to the RFP, the bidder intends to comply with the contractual requirements.

8. Right of Refusal: The RFP shall state that TBHS reserves the right to reject any and all proposals, and to contract with any qualified individual or entity provided that doing so is in the best interests of TBHS.

9. Distribution: TBHS will publically announce/post the RFP in the most appropriate manner to allow for a fair and open competitive process. In addition, the RFP will be distributed to all known, qualified bidders according to the bidder list maintained by TBHS.

STANDARDS FOR EVALUATING RESPONSES TO REQUESTS FOR PROPOSALS

Potential contractors shall be selected from among the bidders who properly submitted requests for proposal. The following standards shall apply:

1. In all cases, the procedures for evaluation specified in the RFP shall be followed even as those may differ from those contained herein.
2. When stated in the RFP, a selection committee shall be convened which is comprised of at least three persons. Whenever possible, persons served shall be represented on the selection committee. Persons with bias or potential conflicts of interest shall be disqualified from service on the selection committee.
3. An evaluation score sheet will be utilized by the individual or committee in ranking each proposal against the evaluation criteria specified in the RFP.
4. The scores of each reviewer will be averaged and the notations of each reviewer summarized. The committee will meet with this information and make a recommendation as to award. The recommendation will be written and include all applicable rationale.
5. The TBHS CEO shall receive recommendations, may accept or reject them and present final recommendations to the TBHS Board of Directors. The TBHS Board of Directors decision as to award is final if over $10,000.
6. Upon Board of Director's approval, the Standards for Offering Contracts after Completion of Bid Process shall be completed.

STANDARDS FOR OFFERING CONTRACTS AFTER COMPLETION OF BID PROCESSES

1. Potential bidders who have been selected for award shall be notified in writing or by telephone of the award and the intent of TBHS to enter into a contract with them.
2. Bidders who have not been selected for award shall be notified in writing of this fact, and the availability of scores and commentary from the review committee shall be announced, if

applicable. Only the scores and narrative relating to the specific bidders' proposal shall be released to the bidder.

3. TBHS shall prepare and offer a contract which incorporates by reference the original proposal of the bidder. All provisions necessary to support the bidder and implement the program shall be included in the contract.
4. TBHS shall offer the contract for signature to the bidder only after approval has been obtained through the contracting procedures of TBHS.

Standards for Contracting – See Contract Management Policy III-006-001

RELATED FORMS & MATERIALS

n/a

REFERENCES/LEGAL AUTHORITY

Code of Federal Regulations – Procurement Standards 200.317 – 200.326

Revision Dates:
12/22/2009
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