

Notice of Intent to Certify Sole Source

To: Interested Parties

From: Craig P. Orgeron, Ph.D.

CC: ITS Project Number 42861

Date: May 24, 2016

Re: Sole Source Certification Number 3923 for McKesson Clear Coverage software with InterQual Clinical content renewal and training for the Mississippi Department of Corrections (MDOC)

Contact Name: Jill Chastant

Contact Phone Number: 601-432-8214

Contact E-mail Address: Jill.Chastant@its.ms.gov

Sole Source Certification Award Details

Regarding Information Technology Services (ITS) Sole Source Certification Number 3923 for McKesson Clear Coverage software with InterQual Clinical content renewal and training for the Mississippi Department of Corrections (MDOC), please be advised that ITS intends to award the purchase of McKesson Clear Coverage software with InterQual Clinical content renewal and training to McKesson Health Solutions, LLC through June 30, 2019, as the sole source provider of McKesson Clear Coverage software with InterQual Clinical content in an amount not to exceed \$374,880.00. For an explanation regarding Mississippi state law, policy and procedures for sole source procurements, refer to Attachment C: Sole Source Procurement Overview.

Sole Source Criteria

1. The product or services being purchased must perform a function for which no other product or source of services exist:

InterQual criteria/Clear Coverage Software offers an objective set of criteria to evaluate consultation reports that speeds up the delivery of care to patients. The InterQual criteria/Clear Coverage Software has been reviewed and meets the state's needs. The customer's sole source certification request is included as Attachment A.

2. The purchaser must be able to show specific business objectives that can be met only through the unique product or services:

InterQual criteria/ Clear Coverage Software is used to evaluate in-patient and out-patient requests and automates pre-authorization, eligibility, network coverage and payment estimation to drive real-time diagnostic test selection and coverage decisions at the point of care. Requests that meet the criteria are automatically and objectively approved, thereby expediting the delivery of care. The Chief Medical Officer and her designee need only consider in-patient and out-patient requests that are special cases and require a more in-depth review. The customer's sole source certification request is included as Attachment A.

3. The product or services must be available only from the manufacturer and not through resellers who could submit competitive pricing for the product or services:

McKesson is the only Vendor that provides the InterQual criteria/Clear Coverage Software and has no resellers. A substantial investment of time and money have been made by MDOC in this solution. Medical staff, along with internal and external providers, have been trained in its use. McKesson is the only company that develops and distributes this product. The Vendor's sole source certification letter is included as Attachment B.

4. If services, explain why the amount to be expended for the services is reasonable.

The renewal costs quoted for FY 2017 are the same as FY 2016; 0% increase. The costs for Fiscal Years 2018 and 2019 are the same and represent only a 3% increase above FY 2016. Pricing represents an annual license fee and includes technical support and all software and criteria updates.

5. If services, explain what the agency did to obtain the best possible price for the services.

MDOC worked with McKesson to obtain pricing that covers up to 50,000 covered lives. Therefore, there will be no price increases should the incarcerated population grow over the next three years. It is highly improbable that the population will grow from approximately 19,000 to 50,000. Any reasonable growth will be absorbed by the quoted fees with no need for an increase.

Schedule

Task	Date
First Advertisement Date	05/24/16
Second Advertisement Date	05/31/16
Response Deadline From Objectors	06/08/16, at 3:00 P.M. Central Time
Notice of Award/No Award Posted	Not before 06/09/16

Project Details

In 2012, MDOC purchased as sole source the Clear Coverage Software with InterQual Clinical Content from McKesson Health Solutions to automate pre-authorization, eligibility, network coverage and payment estimation to drive real-time diagnostic test selection and coverage decisions at the point of care. Prior to the implementation of the McKesson solution, the MDOC Office of Medical Compliance received consultation reports requesting approval for various tests and medical services for the inmate population. In the absence of an objective set of criteria for evaluating such requests, requests are approved or denied on a more subjective basis. With the implementation of an objective set of criteria, the InterQual Criteria, many requests are automatically and objectively approved. This speeds up the

delivery of care. The Chief Medical Officer and her designee need only consider requests that require more in-depth review.

Substantial investments have been made in this solution and the agency seeks to continue using the InterQual/Clear Coverage products offered only by McKesson. The total amount spent to date is \$544,264.00.

Submission Instructions and Format of Response from Objecting Parties

Interested parties who have reason to believe that the McKesson Clear Coverage software with InterQual Clinical content renewal and training should not be certified as a sole source should provide information in the following format for the state to use in determining whether or not to proceed with awarding the Sole Source contract to McKesson Health Solutions, LLC.

- 1.1 Interested Party Information
 - 1.1.1 Contact Name, Phone Number and email address
 - 1.1.2 Company Website URL, if applicable
- 1.2 Objection to Sole Source Certification
 - 1.2.1 Interested parties must present specific objections to the Sole Source certification using the criteria listed above.
 - 1.2.2 A statement regarding the Interested Party's capabilities as related to this Sole Source Certification Request.
- 1.3 Comments will be accepted at any time prior to Wednesday, June 8, 2016, at 3:00 p.m. (Central Time) to Jill Chastant at Jill.Chastant@its.ms.gov or at the Mississippi Department of Information Technology Services, 3771 Eastwood Drive, Jackson, Mississippi 39211. Responses may be delivered by hand, via regular mail, overnight delivery, e-mail or by fax. Fax number is (601) 713-6380. ITS WILL NOT BE RESPONSIBLE FOR DELAYS IN THE DELIVERY OF RESPONSES. It is solely the responsibility of the Interested Parties that responses reach ITS on time. Interested Parties may contact Jill Chastant to verify the receipt of their Responses. Responses received after the deadline will be rejected.
- 1.4 Interested Party responses should include the following information:

<p>SUBMITTED IN RESPONSE TO Sole Source Certification No. 3923-42861 Accepted until June 8, 2016 @ 3:00 p.m., ATTENTION: Jill Chastant</p>

If you have any questions concerning the information above or if we can be of further assistance, please contact Jill Chastant at 601-432-8214 or via email at Jill.Chastant@its.ms.gov.

- Attachment A: Customer Sole Source Certification Request
- Attachment B: Vendor Correspondence
- Attachment C: Sole Source Procurement Overview



3771 Eastwood Drive
 Jackson, Mississippi 39211
 Phone 601-432-8000 Fax 601-713-6380

Sole Source Certification Request

Project Title: McKesson Software Renewal		Stimulus (ARRA) Funds? <u>Yes</u> <u>No</u> X	
Customer Contact Information			
Agency/Institution: MS Department of Corrections Address: 633 North State Street Jackson, MS 39202		Contact Person: Audrey McAfee Phone: 601-359-5636 Fax: 601-359-5676 Email Address: amcafee@mdoc.state.ms.us	
MAGIC Customer Number (only required from state agencies): 7000000173		Division/Dept: Handmail: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
<p>Project Summary Narrative Description of Project (include details of original acquisition if applicable): In 2012, MDOC purchased as sole source the Clear Coverage Software with InterQual Clinical Content from McKesson Health Solutions to automate pre-authorization, eligibility, network coverage and payment estimation to drive real-time diagnostic test selection and coverage decisions at the point of care. Prior to the implementation of the McKesson solution, the MDOC Office of Medical Compliance received consultation reports requesting approval for various tests and medical services for the inmate population. In the absence of an objective set of criteria for evaluating such requests, requests are approved or denied on a more subjective basis. With the implementation of an objective set of criteria, the InterQual Criteria, many requests are automatically and objectively approved. This speeds up the delivery of care. The Chief Medical Officer and her designee need only consider requests that require more in-depth review.</p> <p>The InterQual system provided through McKesson Solutions has been used for the past two years. Substantial investments have been made in this solution and the agency seeks to continue using the InterQual/Clear Coverage products offered only by McKesson.</p>			
ITS Acquisition Approval (CP-1) should be effective through this date (Please allow time for all vendor invoices to be paid): June 30, 2019			
Cost Estimates Fiscal Year	Initial Costs	Ongoing Costs	Time Constraints Item Needed by: 06/30/16 Funds Expire:
2016		Optional on-site training	Anticipated Lifecycle of Products/System (i.e. estimated years of effective use): 3 years Discuss Funding (e.g. how much of needed funding is definite; total project budget; any matching or other non-state funds) 100% general funds.
2017	\$116,546.00	\$5,250.00	
2018	\$120,042.00	\$6,500.00	
2019	\$120,042.00	\$6,500.00	
Total	\$356,630.00	\$18,250.00 - optional	
Acquisition Details			
Items Requested	Quantity	Description	Location(s)
Year 1	1	Annual License Fee	MDOC
Year 2	1	Annual License Fee	MDOC
Year 3	1	Annual License Fee	MDOC
Training	Per hour	Training	MDOC
Describe platform & infrastructure (connectivity; software/hardware platforms; utilization of State Data Center resources; mainframe, eGovernment portal, payment engine, document management, hosting). This solution is hosted by McKesson. Users access software through a portal.			
Progress to Date: What has been done related to this project, including any communication with ITS staff (data/voice/procurement/other)? Project is included in the MDOC IT Plan. Quote received and submitted to ITS along with Sole Source Certification letter from McKesson.			
Sole Source Certification Note: Certification must be renewed for each revision or continuation of previous Sole Source Approvals.			
Specific business requirements to be met by the requested products or services: InterQual criteria/Clear Coverage Software are used to evaluate in-patient and out-patient requests and automates pre-authorization, eligibility, network coverage and payment estimation to drive real-time diagnostic test selection and coverage decisions at the point of care. Requests that meet the criteria are automatically and objectively approved, thereby expediting the delivery of care. The Chief Medical Officer and her designee need only consider in-patient and out-patient requests that are special cases and require a more in-depth review.			

Explain why these products or services are the only ones that can meet your needs (include unique features/special functionality): the InterQual criteria has been reviewed and meets the state's needs. McKesson is the only vendor offers this product.

Explain why the source is the only entity that can provide the products or services (Include other products/vendors researched or evaluated): McKesson is the only vendor that provides the InterQual criteria. A substantial investment of money and time have been made by MDOC in this solution. Medical staff, both internal and external providers, have been trained in its use.

Explain why the amount to be expended for the services is reasonable: The renewal costs quoted for FY 2017 are the same as FY 2016; 0% increase. The costs for fiscal years 2018 and 2019 are the same and represent only a 3% increase above FY 2016.

Also, Pricing represents an annual license fee and includes technical support and all software and criteria updates.

Explain what your agency did to obtain the best possible price for the services: The agency worked with McKesson to obtain pricing that covers up to 50,000 covered lives. This means there will not be price increases should the incarcerated population grow over the next three years, as it is highly improbable that the population will grow from approximately 19,000 to 50,000. Therefore, any reasonable growth will be absorbed by the quoted fees with no need for an increase.

Vendor's Certification of Sole Source attached: Yes No

Vendor's proposal submitted: Yes No

MAGIC Vendor Code(s) Vendor must be in MAGIC before a CP-I can be issued.

Place Order To

Remit To

Vendor Name: McKesson Health Solutions LLC

InterQual Product

**Vendor Address: 275 Gove Street Suite 1-110
Newton, MS 02466-2273**

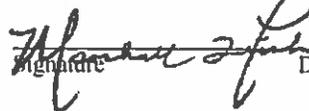
Vendor Name: McKesson Technologies Inc.

**Vendor Address: 22423 Network Place
Chicago, IL 60673-1224**

By my signature, I certify that, to the best of my professional knowledge: (1) the requested product or services perform a significant function or provide a service for which no other product or source of services exists; (2) my agency/institution has a business need for these unique functions of services; and (3) there are no other parties who could provide the product or services. In addition, I acknowledge that there is a charge for ITS procurement services associated with this request which will be billed to the requestor by ITS and that my agency/institution is responsible for these charges/costs.

Marshall Fisher, Commissioner of Corrections

Name (Agency Head or Institution CIO)/ Title


Signature Date 5/11/16



May 12, 2016

Audrey McAfee
Procurement Manager
Mississippi Department of Corrections
633 North State Street
Jackson, MS 39202
T: 601-359-5636
amcafee@mdoc.state.ms.us

Dear Audrey,

This letter is to inform you that McKesson Health Solutions, a division of McKesson Technologies Inc. is the only company that develops and distributes Clear Coverage™ Software. Further, there are no resellers of Clear Coverage™ Software.

The Clear Coverage™ Software allows providers access to the content and providing an instantaneous response back which evaluates medical coverage, eligibility, in network, business rules, payment rules, and runs through the medical criteria.

I hope this meets your requirements. Please do not hesitate to contact me should you have additional questions.

Sincerely,

Keith Andelman

Keith Andelman
Vice President, Sales
McKesson Health Solutions
617.273.3221
Keith.andelman@mckesson.com

Attachment C: Sole Source Procurement Overview

The acquisition of information technology for all state agencies and institutions of higher learning (IHLs) is within the scope of the ITS law, found in Mississippi Code Section 25-53-1, et seq., and the policies and procedures established in accordance with this statute, found in the ITS Procurement Handbook posted on the ITS website (www.its.ms.gov).

ITS enabling legislation requires that information technology hardware, software and services be acquired in a manner that insures the maximum of competition among all manufacturers and suppliers of such equipment and services. Accordingly, ITS promotes full and open competition through the issuance of open specifications and the objective evaluation of Interested Party proposals to determine the lowest and best offering to meet an agency's or public university's business requirements. True competition protects the integrity and credibility of purchasing in the public sector and is essential in providing best value and adequate contractual protection for the purchasing entity. In certain limited situations, information technology acquisitions may be sole-sourced.

ITS utilizes the provisions of Public Purchasing Law for Sole Source and Emergency procurements of information technology. Mississippi Public Purchasing Law (Mississippi Code Section 31-7-13) specifies that noncompetitive items available from one source only be exempted from bid requirements (sole-sourced). ITS statute, in Section 25-53-5 (p), permits ITS to utilize provisions in Public Purchasing Law or regulations, when applicable.

Per Public Purchasing law, acquisitions must meet the following criteria to be authorized as sole source:

1. The product or services being purchased must perform a function for which no other product or source of services exists,
2. The purchaser must be able to show specific business objectives that can be met only through the unique product or services, AND
3. The product or services must be available only from the manufacturer and NOT through resellers who could submit competitive pricing for the product or services. The vendor's correspondence regarding this criterion for this project is included as Attachment B.

By policy as documented in the ITS Procurement Handbook, acquisitions of IT services must include the following information to be authorized as sole source:

1. An explanation about why the amount to be expended is reasonable, and
2. An explanation regarding the efforts by the purchaser to obtain the best possible price.

For state agencies, approval of all technology purchases with a lifecycle cost of \$5,000 or less, including sole source purchases, has been delegated to the agency. The ITS Procurement Limits Policies for Agencies (a section in the ITS Procurement Handbook) require a minimum of two competitive written bids or proposals for technology purchases with a lifecycle cost over \$5,000 but not over \$50,000 (not over \$25,000 for projects funded by the American Recovery and Reinvestment Act). Since, for single source items, the procuring agency will be unable to obtain two written bids, ITS must certify all sole source acquisitions of information technology with a lifecycle cost greater than \$5,000.

Institutions of Higher Learning (IHLs) or public universities have been delegated the authority to certify sole source procurements up to \$250,000 lifecycle cost under the ITS Procurement Limits Policies for IHLs (a section in the ITS Procurement Handbook). For the certification of sole source procurements delegated to the CIOs at public universities, the public university must follow ITS' Sole Source Procedure, including advertisement of the intent to award as sole source. Institutions certifying a sole source purchase must ensure the criteria listed above are met and documented in writing by the institution and the Interested Party prior to certifying a product or service as sole source. Sole source documentation must be reviewed and approved by the IHL's CIO for any sole-source

Attachment C: Sole Source Procurement Overview

certification above \$5,000. All sole source documentation should be retained in the public university's procurement file. Sole source requests above \$250,000 lifecycle cost require ITS approval.

Other than the delegations outlined above, all sole source technology procurements must be certified by ITS. The customer's Sole Source Certification Request for this project is included as Attachment A.

ITS thoroughly reviews Sole Source Certification Requests, determining if competing products and/or services exist. If so, ITS conducts a competitive procurement. If ITS' review confirms the sole source, then a Sole Source advertisement is issued, giving other Interested Parties an opportunity to identify competing products and/or services. Based upon the results of the Sole Source advertisement, ITS will either certify the request as a sole source or conduct a competitive procurement.