

Budget Change Proposal - Cover Sheet

Fiscal Year: 2020-21

Business Unit: 4260

Department: Health Care Services

Priority Number:

Budget Request Name: 4260-065-BCP-2020-GB

Program: 3960

Subprogram: 3960010

Budget Request Description: Dental Services Program Procurements Administrative Services Organization

Budget Request Summary: The Department of Health Care Services, Medi-Cal Dental Services Division and Office of Legal Services, requests three-year limited-term resources equivalent to 4.0 positions and expenditure authority of \$661,000 (\$331,000 General Fund (GF); \$330,000 Federal Fund (FF)) in fiscal year (FY) 2020-21 and \$625,000 (\$313,000 GF; \$312,000 FF) in FY 2021-22 and FY 2022-23 to oversee and support a major procurement effort, contract transition, and related efforts, to obtain a new Administrative Services Organization contract for the Medi-Cal Dental Fee-For-Service delivery system.

Requires Legislation: Yes No

Code Section(s) to be Added/Amended/Repealed:

Does this BCP contain information technology (IT) components? Yes No

If yes, departmental Chief Information Officer must sign.

Department CIO Name:

Department CIO Signature:

Signed On Date:

For IT requests, specify the project number, the most recent project approval document (FSR, SPR, S1BA, S2AA, S3SD, S4PRA), and the approval date.

Project Number:

Project Approval Document:

Approval Date:

If proposal affects another department, does other department concur with proposal?

Yes No

Attach comments of affected department, signed and dated by the department director or designee.

Prepared By:

Date:

Reviewed By:

Date:

Department Director:

Date:

Agency Secretary:

Date:

Department of Finance Use Only

Additional Reviews: Capital Outlay: ITCU: FSCU: OSAE:

Department of Technology:

PPBA: Laura Ayala

Date submitted to the Legislature: January 10, 2020

A. Budget Request Summary

The Department of Health Care Services (DHCS), Medi-Cal Dental Services Division (MDSD) and Office of Legal Services (OLS), requests three-year limited-term (LT) resources equivalent to 4.0 positions and expenditure authority of \$661,000 (\$331,000 General Fund (GF); \$330,000 Federal Fund (FF)) in fiscal year (FY) 2020-21 and \$625,000 (\$313,000 GF; \$312,000 FF) in FY 2021-22 and FY 2022-23 to oversee and support a major procurement effort, contract transition, and related efforts, to obtain a new Administrative Services Organization (ASO) contract for the Medi-Cal Dental Fee-For-Service (FFS) delivery system.

B. Background/History

DHCS is the single state agency responsible for administering the State's Medicaid program (also known as Medi-Cal), which includes the provision of dental services. MDSD administers the Medi-Cal dental benefit through two delivery systems: Dental FFS and Dental Managed Care (DMC). The dental FFS delivery system is supported by both a contracted dental ASO (Delta Dental of California) and dental Fiscal Intermediary (FI) (DXC Technology). Jointly, these contracts process over seven million claims annually for approximately 12.9 million members, which total over \$1.5 billion in payments to FFS Medi-Cal dental providers.

The dental ASO contract provides administrative services supporting the provision of dental benefits for Medi-Cal providers and members, which includes oversight and operation of a call center, provider outreach and training, member care coordination, assisting members with locating a dental provider and/or scheduling a dental appointment, processing provider enrollment applications, and other related efforts to increase provider participation and member utilization of dental services. The ASO is also responsible for processing and adjudicating dental Treatment Authorization Requests (TARs) and performing various program oversight and integrity functions, such as statistical profiling of providers to identify potential fraud, waste, and abuse and the provision of resources to support DHCS on member-facing State Hearing and Conlan cases. The ASO works closely with, and is dependent on, the FI contract to support all of the operational processes for delivering Medi-Cal dental FFS benefits. The FI's primary role is to operate and maintain the California Dental Medicaid Management Information System (CD-MMIS), which is a decades-old, legacy system. Decisions made on the Scope of Work for this ASO contract will have impact on the existing CD-MMIS, the FI contract and its future procurement. Resources obtained through this proposal will be utilized for future procurement cycles, including the upcoming Medi-Cal dental FFS FI contract procurement, which is set to begin immediately following the successful assumption of operations (AOO) of this ASO procurement.

From 1966 to 1972, all claims for dental health care services rendered to Medi-Cal

members were submitted, processed, and paid by a single FI. In 1974, the State entered into a four-year pilot project to provide dental care services on a prepaid, at-risk basis. Legislative action allowed extension of the pilot project, leading to the first of several competitively bid contracts under a prepaid, at-risk model. During the 2014 dental FI reprocurement, the Centers for Medicare and Medicaid Services (CMS) voiced concerns with certain elements of the Dental FI contract, including the fact that California operates two MMIS. In order to address CMS' concerns, and with DHCS evaluating alternatives for the eventual migration to a single MMIS, DHCS removed the underwriting and at-risk basis from the contract. In the 2016 procurement, DHCS awarded two individual contracts, ASO and FI, to administer the Medi-Cal dental FFS benefit. The bifurcation of the FI contract into two separate, individual FI and ASO contracts has demonstrated progress towards DHCS' and CMS' goals to increase competition among vendors and facilitate eventual consolidation of CD-MMIS with the California Medicaid Management Information System (CA-MMIS). This strategy, however, has significantly increased the DHCS' workload.

The dental ASO is a one-year contract, with up to five optional one-year extensions. The FI contract is a four-year contract with up to five optional one-year extensions. The contract base and extension years are strategically staggered to accommodate a second ASO procurement before the end of the current FI contract, which, with all extension years exercised, the maximum term runs through June 30, 2026. With all ASO extension years exercised, the maximum term of the ASO contract runs through June 30, 2023. Therefore, a new ASO procurement must be completed, the contract fully executed, contracted functions "turned over" to the awarded vendor, and the new vendor must assume business and administrative operations for the contracted services, by that date. The procurement process for a contract of this magnitude (i.e., current contract is \$280 million) is a minimum of two years, and turnover and AOO is a minimum of another full year, for a total re-procurement period of approximately three years from start to finish.

If the procurement and/or takeover projects and processes exceed the estimated timelines, DHCS has a one-time (emergency) six to 12-month extension authority (maximum June 30, 2024), as a contingency to maintain ASO contract operations. Therefore, DHCS must start its re-procurement efforts to replace the current ASO contract no later than July 2020, in order for a new ASO contract to be in place to meet critical business needs and for the dental FFS delivery system to remain operational. If this contract is not executed timely, Medi-Cal FFS members may not have access to dental services and dental providers may be unable to receive reimbursement for dental services rendered.

MDSD is required to lead the ASO re-procurement efforts to develop the detailed Request for Proposals (RFP), participate in all phases of the re-procurement cycle, and oversee the procurement/contract process through completion of the takeover and AOO

by the new ASO vendor. All existing MDSD resources are fully dedicated to administering the Medi-Cal dental benefit; including oversight and management of the current ASO and FI contracts, which together total \$3.8 billion in full operations mode. During the Takeover/Turnover of the prior ASO and FI contracts, DHCS' Budget Change Proposal (BCP) 4260-303-SFL-DP-2016-A1 authorized 7.0 three-year LT resources (2.0 MDSD/4.0 EITS/1.0 OLS) to support the project and management of three overlapping contracts (incumbent, ASO, and FI). In FY 2019-20, BCP 4260-016-BCP-2019-GB approved the conversion of 4.0 LT resources to permanent positions (1.0 MDSD/2.0 EITS/1.0 OLS). These positions are now seasoned and dedicated staff, some of which are subject-matter experts, who are responsible for supporting existing Medi-Cal dental workload and business operations, as well as providing valuable knowledge, experience, and lessons-learned related to the FI and ASO operations oversight, which is workload that is separate and apart from the ASO re-procurement and takeover activities described in this proposal. The other three LT resources, 1.0 Associate Governmental Program Analyst (AGPA) and 2.0 Information Technology Specialist Is (ITS Is), expired on June 30, 2019, leaving MDSD with no dedicated program or IT staff to support the procurement and Turnover/Takeover workload.

MDSD does not currently have sufficient resources to conduct a procurement of this size and complexity. Senior level staff are key to ensuring that strategic decisions made during this procurement consider all program impacts to the dental benefit under Medi-Cal; as well as impacts to automation projects in flight, such as provider enrollment automation and CA-MMIS Replacement, CA-MMIS consolidation, and the future disposition of the dental FI contract.

Resource History

Dollars in thousands

Medi-Cal Dental Services Division

Program Budget	2014-15	2015-16	2016-17	2017-18	2018-19
Authorized Expenditures	3,652	3,597	6,922	8,158	8,427
Actual Expenditures	3,463	3,597	4,070	5,833	7,219
Revenues	N/A	N/A	N/A	N/A	N/A
Authorized Positions	35.0	35.3	39.0	39.0	37.0
Filled Positions	31.2	24.3	29.6	32.7	31.8
Vacancies	3.8	11.0	9.4	6.3	5.2

Office of Legal Services

Program Budget	2014-15	2015-16	2016-17	2017-18	2018-19
Authorized Expenditures	13,585	15,376	16,969	18,243	19,872

Program Budget	2014-15	2015-16	2016-17	2017-18	2018-19
Actual Expenditures	13,585	15,339	16,750	18,243	19,872
Revenues	N/A	N/A	N/A	N/A	N/A
Authorized Positions	107.5	113.8	110.5	112.0	117.0
Filled Positions	82.3	93.8	93.9	97.2	102.4
Vacancies	25.2	20.0	16.6	14.8	14.6

Workload History

Workload Measure	2014-15	2015-16	2016-17	2017-18	2018-19
Public Records Act (PRA)	24	36	47	30	10
Processing of PRA ad hoc data requests	N/A	N/A	119	441	15
Contract Change Orders	N/A	N/A	N/A	2	3
State Hearing Cases for Dental Program Consultant review	1,419	1,730	N/A	N/A	576
TAR audits	840	560	240	870	1,920
Conlan Cases and special review cases	N/A	N/A	N/A	38	96
Stakeholder inquiries regarding dental policy	N/A	N/A	N/A	N/A	480
Attending and participating in recurring DPC policy meetings	N/A	N/A	N/A	N/A	600
Reviewing provider bulletins, reports, State Plan Amendments, and other clinical or policy documents	N/A	N/A	N/A	N/A	360
Medi-Cal Dental presentations to external stakeholders and provider associations	N/A	N/A	N/A	N/A	160
Research and review peer reviewed journals	N/A	N/A	N/A	N/A	768
Develop criteria for benefits adopted from Current Dental Terminology (CDT) updates	N/A	N/A	N/A	N/A	1,152
Telephone service center (TSC) Access to Care Monitoring Report	12	12	12	12	12
CHIP Annual Report Template System (CARTS) reporting	1	1	1	1	1
Request for Proposals	2	2	N/A	N/A	N/A
DMC Deliverables	480	480	480	480	480

Workload Measure	2014-15	2015-16	2016-17	2017-18	2018-19
Stakeholder Committee meetings	6	9	9	9	9
Audits	40	40	20	10	10
Member Dental Exception (BDE) support	594	850	N/A	N/A	N/A
BDE Reporting	12	12	16	16	16
Member Reimbursement Packet (Conlan)	65	80	N/A	N/A	N/A
General Member Inquiries	3,349	4,800	N/A	N/A	N/A
Assess and develop procurement approach based on business architecture strategies	N/A	4	N/A	N/A	N/A
Assess Medicaid Information Technology Architecture Business Processes affected for RFP and Planning Advance Planning Document maturity level and inclusion	N/A	80	N/A	N/A	N/A
Determine contract business and operational requirements to include in RFP requirements	N/A	300	N/A	N/A	N/A
Develop RFP Rating Criteria	N/A	60	N/A	N/A	N/A
Release draft RFP and final RFP to solicit bids	N/A	2	N/A	N/A	N/A
Release RFP Bulletins and Addenda to prospective bidders, as required	N/A	7	N/A	N/A	N/A
Respond to Vendor Questions	N/A	200	N/A	N/A	N/A
Evaluate proposals, select vendors, award and execute ASO contract	N/A	N/A	4	N/A	N/A
Review, monitor and approve all contractor Turnover/Takeover Deliverables	N/A	N/A	150	60	N/A
Develop, manage, monitor, research and resolve Issues and Risk activities	N/A	50	30	40	50
Participate in RFP and/or contract decision making and resolutions	N/A	N/A	45	N/A	N/A

Workload Measure	2014-15	2015-16	2016-17	2017-18	2018-19
Document, review, monitor, research and resolve Action Items	N/A	93	N/A	N/A	N/A
Perform or participate in 2016 Closeout Activities, such as invoice reconciliation, closeout meeting attendance, etc.	N/A	N/A	N/A	24	24
Review, monitor and approve all contractor Takeover System Changes	N/A	N/A	N/A	50	22

C. State Level Considerations

This proposal is consistent with and will help further DHCS’ mission and strategic plan to “provide Californians with access to affordable, integrated, high-quality health care, including medical, dental, mental health, substance use treatment services and long-term care.” This proposal also supports DHCS’ commitments, as outlined in its Quality Strategy and Strategic Plan to:

- improve the consumer experience for individuals to easily access integrated, high-quality health care when and where they need it;
- treat the whole person by coordinating and integrating medical, dental, mental health;
- improve and maintain overall health and well-being through effective prevention and intervention;
- develop effective, efficient, and sustainable health care delivery systems;
- ensure viable health care safety net;
- hold DHCS, the providers, plans, and partners accountable for performance; and
- be prudent, responsible fiscal stewards of public resources.

D. Justification

With the requested resources, DHCS will be able to conduct a more effective and efficient dental ASO re-procurement process, including developing a quality RFP in a timely manner, issuing a new ASO contract award, and overseeing turnover/takeover to a new ASO contractor before the current ASO contract expires. Ultimately, approval of this proposal will maintain uninterrupted dental services to Medi-Cal members in the dental FFS delivery system; avoid extending the procurement cycle and/or the need for multiple “no-bid” extensions to the current ASO contract; and will allow current DHCS staff to continue carrying out their mission-critical tasks necessary for the administration of Medi-Cal dental services. The value of these programmatic and technical resources, who will gain knowledge and experience working on the dental ASO procurement, including CD-MMIS operations, cannot be overstated.

The requested resources are needed to provide expert-level business, procurement,

planning, consultation and strategy to lead and support the procurement and transition efforts. The requested resources will also help support, oversee, and monitor the dental ASO re-procurement process, vendor transition and related efforts, while existing MDSD staff continue their support of operations of the current ASO and FI contracts as well as support of the current DMC contracts, and other workload.

It should also be noted that regardless of the outcome of future DMC procurement efforts, in the event that Sacramento and Los Angeles transition to a FFS model, no additional staffing would be requested for the procurement efforts described in this proposal.

Approval of this proposal is consistent with the Administration's priorities in the most recent state budget, which includes expanding access to health care coverage and restoring various Medi-Cal benefits that were eliminated during the recession, including adult dental services. This proposal should be given the highest level of priority in order for DHCS to continue to address the 2016 Little Hoover Commission report concerns regarding member access to care, quality of care rendered and provider participation.

In addition, a lack of dedicated resources and delays in dental ASO re-procurement would result in DHCS seeking sole-source extensions of the current ASO contract. Historically, CMS has not supported non-competitive bids for Medicaid contracts, and it has the authority to withhold available federal financial participation. Further, these types of delays would affect existing operations such as access to care, provider participation and utilization of benefits, which have been noted as negative findings in reports issued by the Little Hoover Commission and Bureau of State Audits/Office of the Inspector General in the recent past. Additional procurement delays would subject DHCS to future unfavorable audit findings, as well as heightened scrutiny from the California State Legislature and other stakeholders.

As DHCS begins procurement planning and implementation activities which includes evaluating potential system changes and ensuring, where applicable, that we are in compliance with Medicaid Information Technology Architecture requirements, DHCS may determine additional Information Technology resources are critical to further support and help ensure the success of this effort. If so, DHCS will separately request those resources at that time.

MDSD (three-year LT resources equivalent to 3.0 positions)
2.0 AGPAs
1.0 Staff Services Manager I (SSM I)

MDSD resources will be allocated towards the development of the contract that will serve as the framework and standards for ASO contract oversight.
The AGPAs are necessary to perform the wide range of analytical tasks associated with

conducting procurements. They will gather, compile, and analyze information to define the scope and methodology for these procurements; make recommendations to the MDSD leadership team; develop business requirements to be included in the RFPs and/or Request for Applications (RFAs); serve as the subject matter experts for these procurements; perform extensive research and comprehensive analysis to ensure contract terms maintain alignment with all applicable federal and state statutes and regulations and policy guidance; participate in all phases of the procurement processes, including bid evaluation; and participate in the turnover/takeover phases of the contracts.

The SSM I will be responsible for their assigned procurement efforts, and completion of the procurements within the required timeframes. The SSM I will provide direction to the staff; review staff recommendations and provide recommended actions to the MDSD leadership team; guide the process to define the scope and methodology for the procurements; oversee the development of the language and provisions to include in the RFPs and/or RFAs; coordinate procurement activities and consult with the Contract Services Branch; routinely interact and consult with the OLS; participate in turnover/takeover of the current and new contracts.

OLS (three-year LT resources equivalent to 1.0 position)
1.0 Attorney III

The Attorney III resources will review and approve all RFPs and/or RFAs related to ASO procurement documents. The procurement documents are critical as the foundation for the contracts will follow future contract amendments and change orders. The terms of these contracts will be the framework for the program to properly administer Medi-Cal dental services. The attorney will advise DHCS management and oversee contract issues associated with current and future Medi-Cal dental contracts; serve as lead on the procurement efforts when decisions turn to legal issue; serve as the point of contact for all litigation issues; respond to legal inquiries and correspondence from outside entities and advise on Notices of Dispute that are inherent in every major contract. Further, the attorney will assist with monitoring for compliance of the existing and new contractors for CMS' issued guidance and state contracting rules, which continually evolve and change. This workload will require collaboration across DHCS' divisions to analyze how challenges in the current contracts may be addressed in new contract(s) while balancing the risk for litigation.

E. Outcomes and Accountability

The expected outcome of this proposal is the uninterrupted provision of FFS Medi-Cal dental services to California's members through a successful ASO contract procurement and AOO.

The turnover-takeover activities are designed to bring together the shared vision and goals of DHCS, CMS, other state agencies, plans, providers and safety net programs to share accountability for Medi-Cal members' dental care and claims processing, which will result in high-quality, integrated care.

With the approval for additional resources, DHCS will use the resources to achieve these goals as well as to procure a new ASO vendor, manage the turnover-takeover efforts, and develop program improvements and adjustments. DHCS will also retain oversight responsibilities including contract management and monitoring, as well as provide greater assurance that the workload volume will be managed accordingly and that federal and state mandates will be addressed promptly.

Projected Outcomes

MDSO Managed Resources

Workload Measure	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Evaluate proposals, select vendors, award and execute ASO contract	N/A	N/A	4	N/A	N/A	N/A
Review, monitor and approve all contractor Turnover/Takeover Deliverables	N/A	N/A	N/A	210	N/A	N/A
Develop, manage, monitor, research and resolve Issues and Risk activities	N/A	50	30	40	50	N/A
Participate in RFP and/or contract decision making and resolutions	N/A	N/A	45	N/A	N/A	N/A
Document, review, monitor, research and resolve Action Items	N/A	93	N/A	N/A	N/A	N/A
Perform or participate in 2016 Closeout Activities, such as invoice	N/A	N/A	N/A	24	24	N/A

Workload Measure	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
reconciliation, closeout meeting attendance, etc.						
Review, monitor and approve all contractor Takeover System Changes	N/A	N/A	N/A	50	22	N/A
Oversight of contractor reports and deliverables related to contract policy	20	20	20	20	20	20
Review current/ incoming contractor comprehensive training plans for ongoing contract operations and takeover project schedule. Attend outgoing/ incoming contractor trainings as required by the contract	2	2	2	3	3	2
Draft contract change orders/ amendments	10	10	10	10	10	10
Dental FI and ASO meetings, inquiries and correspondence related to contract policy	20	20	20	25	25	20
Dental stakeholder meetings, inquiries and correspondence related to contract policy	20	20	20	20	20	20
Monitor Financial Activities	200	200	200	300	300	200
Validation of Expenditures	96	100	100	144	144	100

Workload Measure	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Processing of Turnover-Takeover Administrative Invoices and fiscal related documentation	20	0	0	400	400	200
Training/ Ramp-up	10	10	10	60	60	30
Projections and Estimates	60	60	60	120	120	100
Task Specific Meetings/ Assignments	100	100	100	416	208	190
Prepare and provider Presentations	100	100	100	240	156	156
Recommendations for management for new Contractor acquisition plan approvals/ disapprovals specific to provider service operations, provider manuals, desktop provider bulletins, TSC operations	10	10	10	20	15	10
Review and monitor new Contractor work plans, turnover and takeover progress reports to confirm no interruptions are made to provider support services, claims/TAR adjudication, reports on duplicate payment/ recoveries, outreach plan, etc.	12	12	12	12	12	12
Analyze and monitor timeliness	24	24	24	24	24	24

Workload Measure	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
of reports for billing providers, rendering providers, claim activity, and invoices that are received by new Contractors pursuant to State and Federal regulations						
Prepare bi-weekly/ monthly summary of Contractor progress reports and data validation/ analysis on provider services operation for management review	24	24	24	24	24	24
Provide program policy interpretation/ guidance, contract requirement clarification, and technical assistance to new Contractors consistent with present practice and policy	12	12	12	20	20	15
Track, advise, confirm compliance and participate in new Contractor training for TSC staff and user testing/ training for CD-MMIS	12	12	12	15	15	12
Participate in quality assessments to	12	12	12	30	30	20

Workload Measure	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
monitor Contractor performance specific to maintaining the provider network, outreach and retention, claims adjudication, program integrity operations, provider enrollment functions, provider referral list operations, and provider support and training, and the TSC						
Facilitate and coordinate audit activities pertaining to fraudulent claims and billing activities	24	24	24	24	24	24
Monitoring of contract activities related to member services to confirm contractual requirements are met	19	19	19	19	19	19
Develop and submit an awareness plan that describes how DHCS has generated awareness among enrollees of the availability of, the importance of, and how to access preventive dental services in children. Conduct annual analysis of the	12	12	12	12	12	12

Workload Measure	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
effectiveness of the awareness plan						
Identify anticipated problems (including staffing), and include a Contingency Plan for each identified problem for the Contractor to follow during Takeover	80	80	80	80	80	80
Confirm Member Services has a sufficient number of trained staff to handle all of Takeover and meet all requirements	10	10	10	15	15	12

OLS Managed Resources

Workload Measure	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Provide MDSD with legal opinions related to governing federal and state law related to MMIS systems and guidance	N/A	50	50	50	50	50
Provide MDSD with legal analyses related to State Plan Amendments, policy letters and instructional information related to operating a MMIS	N/A	50	50	50	50	50
Dental procurement and contract drafting including subcontractor	N/A	230	45	45	45	45

Workload Measure	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
contract issues associated with MMIS operations						
Dental litigation cases related to MMIS system	N/A	25	25	25	25	25
Dental stakeholder meetings, inquiries and correspondence related to MMIS system	N/A	20	20	20	20	20
Dental privacy, confidentiality and security issues including PRAs and data requests	N/A	100	100	100	100	100
Provide MDSD legal advice regarding CMS inquiries, audits and responding to legislative inquiries	N/A	75	75	75	75	75

F. Analysis of All Feasible Alternatives

Alternative 1: Approve request for three-year LT resources equivalent to 4.0 positions and expenditure authority of 661,000 (\$331,000 GF; \$330,000 FF) in FY 2020-21 and \$625,000 (\$313,000 GF; \$312,000 FF) in FY 2021-22 and FY 2022-23.

Pros:

- Enables a thorough evaluation of varied, modular procurement options.
- Facilitates timely development of accurate and quality procurement product.
- Allows new ASO contract to be in place to mitigate the risk of interruption of services under the dental FFS delivery system to Medi-Cal members and providers.
- Avoids potential non-compliance with state and federal regulations.
- Allows experience and knowledge transfer to be leveraged for future FI procurement.
- Allows existing resources to be fully dedicated in administering the Medi-Cal dental benefit and to oversee the current FI and ASO Contracts.
- Allows for sufficient staffing to develop a quality procurement in a timely manner.
- Avoids the need for potential “no bid” extensions or procurement a sole source contract.
- Allows for a contract that aligns with CMS’ goals to increase competition, leverage new

technology and introduce modern approaches to resolving MDSD business issues pertaining to Medi-Cal dental services.

Cons:

- Increases size of state government.
- Requires additional state resources.
- Difficulty in recruiting and retaining staff in LT positions.

Alternative 2: Secure contractor services, in lieu of state staff, to re-procure the dental ASO contract and provide oversight of the new ASO contract and expenditure authority of \$625,000 (\$313,000 GF; \$312,000 FF) annually for 3 years.

Pros:

- Reduced impact to existing staff.
- Provides temporary resources.
- No growth in state workforce.

Cons:

- Lack of knowledge of the technical ASO contract, program policy, and/or system knowledge.
- Loss of experience and transfer of knowledge to support the next FI procurement.
- Requires state resources to oversee contractors.
- Requires additional state/federal funding.
- Potential for substantially higher cost continuing through the next FI procurement.
- Temporary solution as the FI procurement will need to take place immediately after the completion of the ASO Takeover.
- Loss of experience and transfer of knowledge that could be leveraged which increases the difficulty of procuring the next FI Contract.

Alternative 3: Utilize existing staff (status quo; no cost).

Pros:

- No additional state resources.
- No impact on GF.
- No recruitment or training for additional staff required.

Cons:

- Negative impact to quality and completion of current workload.
- Increased workload may result in turnover of staff.
- Increased instances of overtime to handle additional workload.
- Insufficient staffing will lead to reduced operational oversight and accountability of current contracts.
- Increases risks to quality of services to providers/members

- Potential loss of federal funds for not meeting federally mandated requirements.
- Less thorough evaluation of procurement options due to competing priorities.
- Additional workload of turnover and contract closeout activities once the new contract is effective.
- Negative impact to the oversight of turnover and contract closeout activities required for the current contract.
- Negative impact, due to redirection of existing staff, to the implementation of the following policies
 - o Dental Transformation Initiative (DTI)
 - o Proposition 56
 - o CDT
 - o Provider Application and Validation for Enrollment (PAVE) System
 - o Early and Periodic Screening, Diagnosis and Treatment (EPSDT) Services

G. Implementation Plan

DHCS will begin recruitment efforts with a plan for the positions to be filled on July 1, 2020. MDSD will redirect resources to mitigate risks of missing critical timelines for procurement efforts until the spending authority for the requested resources is granted. Recruitment and hiring efforts will focus on obtaining staff with prior experience in the dental and/or medical ASO/FI contract procurement process and/or operations.

As previously mentioned, a procurement of this type/size will take an estimated minimum two-years, with the contract takeover to AOO estimated to take another year, for an estimated minimum three-year process. Additionally, this procurement requires approval(s) from several internal and external entities, including but not limited to DHCS leadership, DHCS Office of Health Insurance Portability and Accountability Act (HIPAA) Compliance (OHC), CHHSA, Department of General Services, Department of Finance (DOF), CDT and CMS. All of these entities focus on approval of the RFP and/or ASO Contract Award from a different perspective and on a varied timeframe.

The timeline(s) for these contracts to provide essential services have been strategically staggered to ensure vendor transition from incumbent to new ASO vendor is achieved with minimal disruption, while maintaining a stable operational environment. The next FI contract procurement begins immediately following completion of the ASO AOO, and the procurement cycle(s) continue on consecutively. Any delay in the ASO procurement and contract transition will have a major negative impact on future procurements and stability of the claims processing environment.

Activities	Date
Closure of Current Takeover Project – and Procurement Pre-planning	June 2019 - June 2020
Development of Scope of Work for ASO Re-procurement	July 2020 - June 2021
Evaluation of Bids	July 2021 - September 2021
Contract Award with Federal/State Approvals	October 2021 - December 2021
Takeover of New ASO Contract	January 2022 - December 2022
Assumption of Operations	January 2023 - TBD
Closeout of 2016 ASO Contract	January 2023 - June 2023
Begin Re-procurement of next FI Contract	July 2023 - TBD

H. Supplemental Information

The request includes one-time funding for office automation and cubicle buildouts, including cabling: \$36,000 (\$18,000 GF; \$18,000 FF). The request also includes travel costs of \$12,000 (\$6,000 GF; \$6,000 FF) in FY 2020-21 through FY 2022-2023.

I. Recommendation

Alternative 1: Approve request for three-year LT resources equivalent to 4.0 positions and expenditure authority of 661,000 (\$331,000 GF; \$330,000 FF) in FY 2020-21 and \$625,000 (\$313,000 GF; \$312,000 FF) in FY 2021-22 and FY 2022-23. The requested resources are critical and essential for a timely procurement of the Medi-Cal dental ASO contract, successful transition from incumbent to new ASO vendor through turnover/takeover and assumption of operations, and the start of efforts for the upcoming FI contract procurement.

If this proposal is not approved, DHCS would be forced to redirect existing staff from vendor oversight to procurement responsibilities. This will compromise effective project management, resulting in significant delays, creating major business risks that could result in a need for non-competitive bid extensions of ASO and/or FI contracts, interrupted provision of dental benefits and provider payments, and loss of enhanced federal funding. Redirection of staff would also reduce vendor management and accountability for both the incumbent of ASO and FI contracts and increased workload on existing subject matter experts, which historically results in the turnover of experienced staff and the creation of a poor quality RFP, which will result in receiving minimal and/or subpar bids.

J. BCP Fiscal Detail Sheet

BCP Title: Dental Services Program Procurements Administrative Services Organization

BR Name: 4260-065-BCP-2020-GB

Budget Request Summary

Personal Services

Salaries and Wages	0	350	350	350	0	0
Earnings - Temporary Help						
Total Salaries and Wages	\$0	\$350	\$350	\$350	\$0	\$0
Total Staff Benefits	0	187	187	187	0	0
Total Personal Services	\$0	\$537	\$537	\$537	\$0	\$0

Operating Expenses and Equipment

Operating Expenses and Equipment	FY20 Current Year	FY20 Budget Year	FY20 BY+1	FY20 BY+2	FY20 BY+3	FY20 BY+4
5301 - General Expense	0	24	16	16	0	0
5302 - Printing	0	8	8	8	0	0
5304 - Communications	0	8	8	8	0	0
5320 - Travel: In-State	0	12	12	12	0	0
5322 - Training	0	4	4	4	0	0
5324 - Facilities Operation	0	36	36	36	0	0
5344 - Consolidated Data Centers	0	4	4	4	0	0
539X - Other	0	28	0	0	0	0
Total Operating Expenses and Equipment	\$0	\$124	\$88	\$88	\$0	\$0

Total Budget Request

Total Budget Request	FY20 Current Year	FY20 Budget Year	FY20 BY+1	FY20 BY+2	FY20 BY+3	FY20 BY+4
Total Budget Request	\$0	\$661	\$625	\$625	\$0	\$0

Fund Summary

Fund Source

Fund Source	FY20 Current Year	FY20 Budget Year	FY20 BY+1	FY20 BY+2	FY20 BY+3	FY20 BY+4
State Operations - 0001 - General Fund	0	331	313	313	0	0
State Operations - 0890 - Federal Trust Fund	0	330	312	312	0	0
Total State Operations Expenditures	\$0	\$661	\$625	\$625	\$0	\$0
Total All Funds	\$0	\$661	\$625	\$625	\$0	\$0

Program Summary

Program Funding

Program Funding	FY20 Current Year	FY20 Budget Year	FY20 BY+1	FY20 BY+2	FY20 BY+3	FY20 BY+4
3960010 - Medical Care Services (Medi-Cal)	0	661	625	625	0	0
Total All Programs	\$0	\$661	\$625	\$625	\$0	\$0

Personal Services Details

Salaries and Wages

Salaries and Wages	FY20 Current Year	FY20 Budget Year	FY20 BY+1	FY20 BY+2	FY20 BY+3	FY20 BY+4
TH00 - Temporary Help (Eff. 07-01-2020)(LT 06-30-2023)	0	350	350	350	0	0
Total Salaries and Wages	\$0	\$350	\$350	\$350	\$0	\$0

Staff Benefits

Staff Benefits	FY20 Current Year	FY20 Budget Year	FY20 BY+1	FY20 BY+2	FY20 BY+3	FY20 BY+4
5150350 - Health Insurance	0	85	85	85	0	0
5150600 - Retirement - General	0	102	102	102	0	0
Total Staff Benefits	\$0	\$187	\$187	\$187	\$0	\$0

Total Personal Services

Total Personal Services	FY20 Current Year	FY20 Budget Year	FY20 BY+1	FY20 BY+2	FY20 BY+3	FY20 BY+4
Total Personal Services	\$0	\$537	\$537	\$537	\$0	\$0

K. WORKLOAD STANDARDS
Medi-Cal Dental Services Division
Limited-Term Resources Equivalent to 1.0 Staff Services Manager I
805-480-4800-XXX
(7/1/20 - 6/30/23)

Activities	Number of Items	Hours per Item	Total Hours
Plan, direct, supervise, and manage all activities related to the procurement of an ASO contract.	50	6	300
Plan, coordinate, and conduct ongoing training and development for staff on all aspects of the procurement process, including but not limited to: RFP development, document reviews, rating and criteria development and application, contract development, contract negotiations, takeover/turnover, oversight and monitoring, etc. Create workflows, standard operating procedures, tracking sheets, and other tools as necessary.	20	5	100
Develop, organize, monitor, and adjust milestones for task completion to effectively manage critical timeframes.	50	2	100
Determine the business and operational requirements to be included in a new ASO contract.	50	5	250
Oversee and participate in the development of RFP language; review, edit, and approve proposed language.	25	10	250
Prepare issue memos identifying and analyzing issues regarding the ASO RFP and contract; prepare recommendations to management regarding procurement and contract requirements.	5	10	50
Work closely with OMCP and OLS staff to ensure all state and federal requirements are met for this procurement.	50	4	200
Supervise the analytical staff assigned to the ASO procurement; perform administrative duties related to the oversight of staff, including but not limited to timekeeping, performance reviews, etc.	50	5	250
Serve as the subject matter expert for the ASO procurement.	50	4	200
Keep MDSD leadership informed of the status of the ASO procurement through regularly scheduled status meetings and written status reports.	50	2	100
Total hours worked			1,800
1,800 hours = 1.0 Position			
Limited-Term Resources Equivalent to:			1.0

WORKLOAD STANDARDS
Medi-Cal Dental Services Division
Limited-Term Resources Equivalent to 2.0 Associate Governmental Program
Analyst
805-480-5393-XXX
(7/1/20 - 6/30/23)

Activities	Number of Items	Hours per Item	Total Hours
Attend ongoing training and development on all aspects of the development of RFP's and the procurement process.	20	5	100
Determine business, operational, and contractual requirements to be included in the RFP. Analyze existing contract, lessons learned, FI letters, change orders, and contract amendments to determine potential items to address in the RFP.	50	10	500
Draft issue papers and develop recommendations for the Procurement supervisor and the MDSO leadership team on RFP related issues.	10	20	200
Develop RFP language and provisions.	80	25	2,000
Attend and participate in regular procurement project meetings with Procurement supervisor, MDSO leadership team, OMCP, and OLS.	100	2	200
Keep the Procurement supervisor informed of project status on a daily and weekly basis.	100	2	200
Research and draft proposed responses to bidder inquiries.	25	2	50
Participate in the evaluation process, including assisting in the development of evaluation and scoring criteria.	20	10	200
Participate in takeover/turnover activities, including planning and monitoring.	50	3	150
Total hours worked			3,600
1,800 hours = 1.0 Position			
Limited-Term Resources Equivalent to:			2.0

WORKLOAD STANDARDS
Office of Legal Services
Health Care Benefits and Eligibility Team
Limited-Term Resources Equivalent to 1.0 Attorney III
803-030-5795-XXX
(7/1/20 - 6/30/23)

Activities	Number of Items	Hours per Item	Total Hours
Perform complex research and analyze federal and state laws to advise the department, Agency, and/or GO in restructuring programs and ensuring ongoing compliance.	30	10	300
Draft and review federal and state legislation and regulations necessary to implement and administer Medi-Cal dental managed care programs.	30	10	300
Draft and review all-plan letters and related policy guidance.	25	6	150
Negotiate, draft, and review dental managed care plan contracts and amendments, inter-agency agreements and other contracts and necessary contract amendments.	30	5	150
Draft, review and revise necessary federal Medicaid authorities, including waiver or State Plan amendments.	25	8	200
Provide pre-litigation support, such as assessing potential legal issues, strategic planning to avoid litigation, and responding to demand letters and advocate concerns having large fiscal implications.	20	8	160
Participate in CMS discussions, intra- and inter-departmental workgroup efforts, including researching, analyzing, and advising staff in dental managed care and fee-for-service issues and related policy development.	30	8	240
Research, analyze, and advise MDSD management and Dental staff on responding to external inquiries, plan negotiation and communications, and stakeholder questions and concerns to avoid potential litigation.	25	6	150
Coordinate with DOF, Agency, GO; respond to correspondence and other inquiries from the public, legislators, and other interested stakeholders within tight timeframes.	25	6	150
Total hours worked			1,800
1,800 hours = 1.0 Position			
Limited-Term Resources Equivalent to:			1.0