

CHAPTER Administrative	CHAPTER 01	SECTION 002	SUBJECT 65
SECTION Operations		DESCRIPTION Provider Procurement and Best Value Purchasing	
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APPLICATION:

☒ CMH Staff	☒ Board Members	☒ Provider Network	☒ Employment Services Providers
☒ Employment Services Provider Agencies	☒ Independent Contractors	☒ Students	☒ Interns
☒ Volunteers	☐ Persons Served		

POLICY:

Lapeer County Community Mental Health (LCCMH) utilizes the principle of Best Value Purchasing in selecting providers and complies with all applicable Federal and State rules in the provider selection and procurement process.

STANDARDS:

- A. LCCMH complies with the applicable procurement standards of 2 CFR (Code of Federal Regulations) Part 200 § 200.317 through 200.327, the Office of Management and Budget Uniform Administrative Requirements, Cost Principles, Audit Requirements of Federal Awards, and the State Medicaid Manual Part 2 (Sections 2083 through 2087) when applicable.
- B. All provider selection and service functions performed by LCCMH are in accordance with the applicable federal and state laws and any applicable provisions of the Michigan Department of Health and Human Service/Pre-paid Inpatient Health Plan (MDHHS/ PIHP) contract.
- C. LCCMH complies with the purchasing amounts and bid requirements outlined in the Lapeer County Financial Goals, Policies and Practices policy.

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- D. LCCMH complies with the Region 10 PIHP Procurement Policy 01.06.01 and Best Value Analysis and Protocol in procuring services.
- E. LCCMH ensures compliance with the Region 10 PIHP Network of Service Providers Policy 01.06.02 and establishes uniform provider selection policies and procedures for the provider network.
- F. LCCMH selects providers using the Best Value Indicators and encourages the involvement of the persons served, family members and other stakeholders.
- G. LCCMH is accountable for developing and maintaining a local service provider network including both directly operated services and those procured from external sources. LCCMH ensures determinants of Best Value are incorporated into its contract with service providers.
- H. LCCMH network development initiatives are prioritized according to potential positive impact upon the system-wide network sufficiency, quality, ability to provide reasonable choice, and value to the persons served.
- I. LCCMH may procure services to meet the specific needs of the person served. This is considered a special type of procurement initiative, prioritized on the basis of service need and demand by the agency, not subject to competitive bidding regulations.
- J. The procurement process is structured to achieve administrative efficiencies. Files regarding all procurement initiatives are maintained for a minimum of seven years.
- K. Providers must be excluded from the panel if they have been excluded from participation in federal health programs under §1128 or §1128A of the Balanced Budget Act.

PROCEDURES:

- A. When carrying out provider selection and contracting activities, LCCMH may employ one of three primary methods of contracting, as appropriate: Sole Source Contracting, Any Willing Provider Contracting, or Selective Contracting. When Federal award funds are used, applicable procurement requirements under 2 CFR Part 200 and the Lapeer County Financial Goals, Policies and Practices will also apply.

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1. Sole Source Contracting: This method selects specific providers for contracting without a competitive procurement or bidding process. In general, this is used at the agency's discretion when it seeks providers having pre-existing specific infrastructure, comprehensive service capabilities, or capacity to serve a specified population within a specific region, and the desired requirements can only be reasonably met by a single source. For procurements funded in whole or in part by a Federal award, noncompetitive procurement will be used only when allowable under 2 CFR § 200.320(c). In addition, LCCMH uses sole sourcing under any of the following circumstances:
 - a. There is a public emergency service need to be fulfilled and the delay involved in following a competitive process is unacceptable.
 - b. A specific gap has been identified, and there is no existing provider in the current Provider Network who has the capacity or capability to provide such services.
 - c. After solicitation of competitive bids, competition is deemed inadequate.
 - d. The required services are professional services of limited quantity and duration.
 - e. The required services are unique and/or the selection of the service provider has been delegated to the person served under a self-determination program.
 - f. There is concern for continuity of care, as in the case of services of residential providers.
 - g. Existing providers can efficiently meet the required need.
 - h. The agency does not discriminate against a provider(s) who is acting within the scope of their license solely upon the licensing of the provider.
2. Any Willing Provider Contracting: This method may be used at any time for any specific program or service and entails the agency first setting a reasonable price (based on market pricing, bid solicitation, historical experience, funds available, or acceptable regional or national, e.g. Centers for Medicare & Medicaid Services (CMS), benchmark for the services to be

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procured), and then contracting with any providers willing, qualified, and capable of meeting the contract and payment terms.

3. Selective Contracting: This method is used to contract selectively for a specific program or service with a limited number of providers, or exclusive provider when:
 - a. There is a need for a new or expanded program or service (i.e., program or service as required does not currently exist), and there are multiple providers available who may be able to effectively meet the service requirements; or
 - b. The current provider of an existing service persistently (i.e., despite corrective actions) or dramatically fails to meet the agency's standards, and the agency seeks an alternative provider.
- B. The Contract Manager documents all providers being considered for a contract or single case agreement on a Provider Tracker, including date, time, and the name of the provider. The tracker includes available services and clinical review and approval (if applicable) to ensure provider is qualified to meet the needs of LCCMH individuals. For procurements under a Federal award, procurement documentation will also meet the applicable requirements of 2 CFR Part 200.
- C. Upon selection of the contractor and/or provider, LCCMH refers to www.SAM.gov to ensure contractor/provider is not prohibited, barred, or ineligible from participating in federal award programs and are legally eligible to participate in bidding on federal contracts and grants.
 1. If a provider and/or contractor is deemed ineligible to bid or complete the project, the provider and/or contractor will be removed from the selection process rendering all negotiations and bids null and void.
- D. The LCCMH Board enters into a Contract Agreement or Single Case Agreement with each selected provider.
- E. LCCMH assesses the capacity and capability of contracted providers to perform under the terms of the contract for services.
- F. LCCMH monitors the provider's compliance with contract terms and overall performance through established contract monitoring process and oversight

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mechanisms. See LCCMH Policy 01.002.30 Provider Network Maintenance and Monitoring.

1. LCCMH notes deficiencies and makes attempts to obtain compliance through corrective action and/or other measures when a provider is not meeting the terms of the contract.
2. If a provider consistently fails to meet the terms of the contract and does not comply with corrective action plans or other measures, LCCMH terminates the provider contract.

DEFINITIONS:

Best Value Purchasing: a process for selecting providers, which includes evaluation of service quality, service outcome, and service cost.

Best Value Indicators: are eligibility, capacity, and performance.

1. Eligibility criteria: a status which must be achieved prior to consideration as a service provider.
2. Capacity criteria: the ability of the service provider to accomplish contracted functions at the level or volume required.
3. Performance criteria: indicators measuring the degree to which quality, outcome, and cost meet an established standard.

Code of Federal Regulations: official, complete collection of general and permanent rules established by the executive departments and agencies of the United States federal government.

PIHP (Prepaid Inpatient Health Plan): the Region 10 managed care entity under contract with the Department of Health and Human Services responsible for ensuring delivery of Mental Health and Substance Use Disorder Services to Medicaid-eligible persons in Lapeer, St. Clair, Sanilac, and Genesee Counties.

Single Case Agreement: a one-time agreement valid for a specific timeframe (not ongoing).

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REFERENCES:

2 CFR Part 200 § 200.317 through 200.327, Procurement Standards
 Appendix II to 2 CFR Part 200-Contract Provisions for Non-Federal Entity Contracts
 Under Federal Awards
 Balanced Budget Act §1128 or §1128A
 Best Value Analysis and Protocol
 Lapeer County Financial Goals, Policies and Practices
 LCCMH Policy 01.002.30 Provider Network Maintenance and Monitoring
 Region 10 PIHP Network of Service Providers Policy 01.06.02
 Region 10 PIHP Procurement Policy 01.06.01

TS:lr

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