

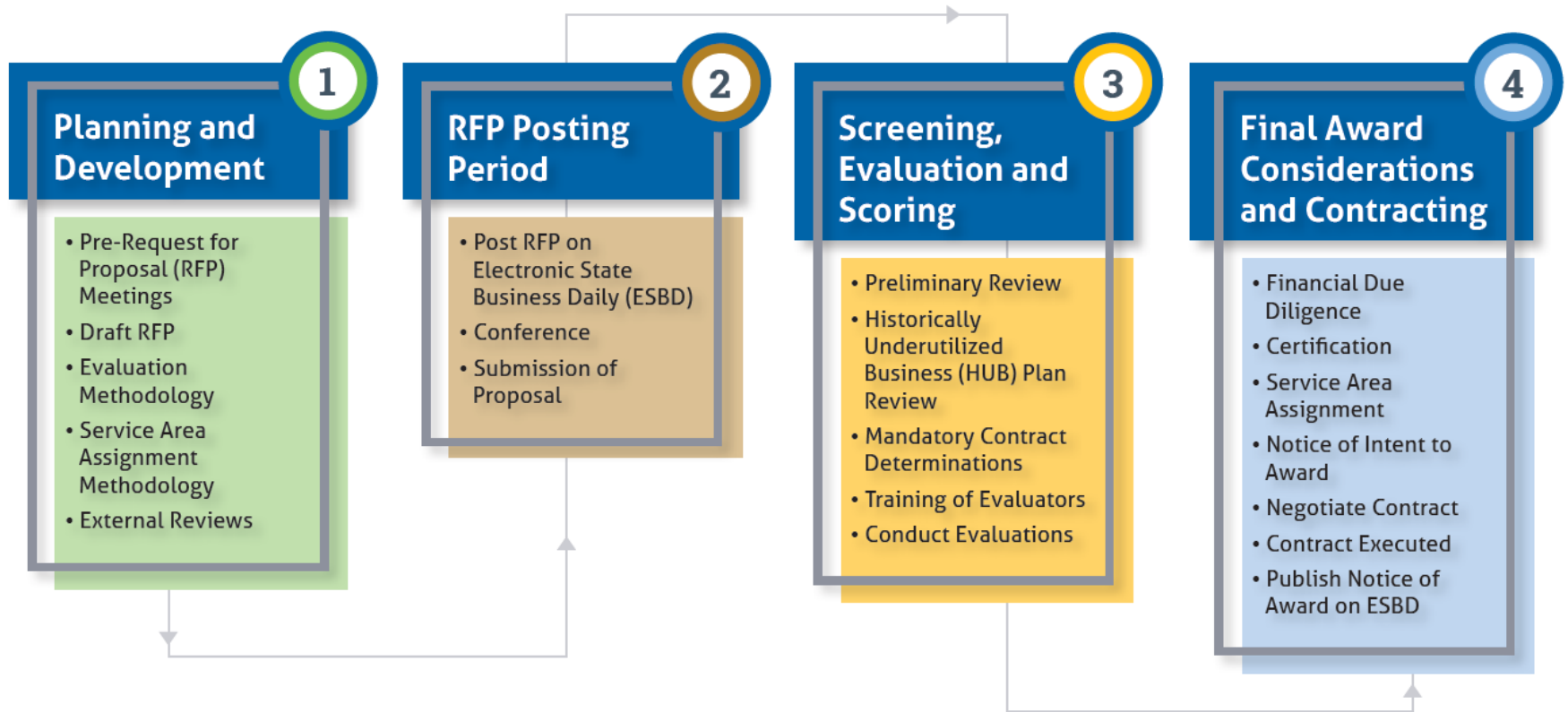
Overview of Medicaid Managed Care Procurement Process

June 2024



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Procurement Phases



Redesigned Process

- In April 2018, the offices of Comptroller, State Auditor, Inspector General, and HHSC Internal Audit conducted reviews of HHSC's procurement processes.
- In 2018, Ernst & Young performed a comprehensive assessment of HHSC's existing procurement and contracting functions, determined root causes, identified underlying weaknesses and opportunities for improvement, and proposed projects to address findings.
- In 2019, Mercer Health and Benefits, LLC (Mercer), made recommendations about HHSC's managed care procurements. Mercer does not participate in assigning scores.





March 18, 2022

Cecile Young
Executive Commissioner
Health and Human Services Commission
Via Email

Dear Commissioner Young,

We are writing on behalf of the Texas Association of Health Plans (TAHP) and the Texas Association of Community Health Plans (TACHP). Our organizations represent all but one of the managed care organizations (MCOs) that administer the Medicaid and CHIP programs in Texas. We support recent Medicaid managed care procurement and contracting efforts at the Health and Human Services Commission (HHSC) addressing fairness and transparency. With a strengthened procurement process, risk to the agency has been reduced and consideration of delays is unnecessary.

Contracting with Medicaid MCOs is the most complex procurement engaged in by HHSC as it is guided not just by state policy and procurement rules but also federal rules. We commend HHSC in the significant progress made to improve its procurement processes. The pre-solicitation meetings and recently released STAR Health and draft STAR+PLUS Requests for Proposals demonstrate major improvements in providing vendors with transparency in the evaluation, scoring, and award of future contracts. At this time, there do not appear to be issues that would warrant a delay. Delays will have impacts on vendors that have already spent substantial resources to prepare for the procurements based on the timelines HHSC released. Further, given some of these procurements have not occurred in 12 years, we are concerned that any more delays will raise concerns with the Centers for Medicaid and Medicare and potentially put the State's 1115 waiver negotiations at risk.

Competition fosters innovation and incentivizes high quality of care for Texans. Due to this innovation and competition, Texas has one of the most sophisticated and robust Medicaid managed care programs in the country. We believe Texas is bolstered by having a variety of diverse plans in its managed care program. This diversity and competition creates a more personalized care experience for members. Our competitive, robust marketplace also creates savings for taxpayers: Texas has saved more than \$5.3 billion and through the use of managed

care¹, MCOs have kept per member per month costs virtually flat even as health care costs continue to grow dramatically across the country.²

Our current managed care model has made Texas the most efficient program in the country. Because Texas caps administrative spending and requires that profits and savings be shared back to the state — 90% of Medicaid managed care funds are spent on direct client care and Texas has some of the lowest administrative costs in the country.³ Additionally, a recent evaluation of Texas' 1115 waiver found that Texas' experience rebate protections successfully generate larger cost savings for taxpayers than the financial protections employed by other states.⁴

Based on HHSC's recent efforts to implement additional safeguards for HHSC's procurement and contracting processes, we are confident in HHSC's stewardship of the program. Delays to procurement appear to be unwarranted at this time.

Sincerely,

Jamie Dudensing, RN
CEO
Texas Association of Health Plans

Kay Ghahremani
President and CEO
Texas Association of Community Health Plans

cc: Governor Greg Abbott
State Representative Greg Bonnen, MD
State Representative Giovanni Capriglione
State Senator Joan Huffman
Lieutenant Governor Dan Patrick
Speaker Dade Phelan

¹ [HHSC Rider 61, Evaluation of Managed Care Report](#), conducted by Deloitte, 2018.
² Carruth & Associates Report sourced from HHSC Financial Services, 05/17.
³ [Final Evaluation Report of the 1115 Texas Demonstration Waiver](#), HHSC, May 2017.
⁴ [HHSC Rider 61, Evaluation of Managed Care Report](#), conducted by Deloitte, 2018.



Phase 1: Planning and Development

- Pre-RFP/Solicitation Meetings
- Draft RFP
 - Scope of Work
 - Best Value Criteria
- Evaluation Methodology
 - Consensus Scoring
 - Technical Questions
 - Oral Presentation Scenarios
- Service Area Assignments Methodology
- External Reviews



Phase 2: RFP Posting Period

- Post RFP on Electronic State Business Daily (ESBD)
- Conference
 - Question & Answer
- Submission of Proposal



Phase 3: Screening, Evaluation, and Scoring

- Preliminary Review
- HUB Plan Review
- Mandatory Contract Determinations
- Training of Evaluators
- Conduct Evaluations
 - Technical Questions Scoring
 - Oral Presentation Scoring



Phase 4: Final Award Consideration and Contracting

- Financial Due Diligence
- Certification
- Service Area Assignment
- Notice of Intent to Award
- Negotiate Contract
- Contract Executed
- Publish Notice of Award on ESBD





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Thank You

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Appendix

Procurement Timeline

STAR Health

- Solicitation Posted on the ESBD: 10/4/2021
- Notice of Award: 10/21/2022
- Start of Operations: 9/1/2023

STAR+PLUS

- Solicitation Posted on the ESBD: 3/31/2022
- Notice of Award: 7/14/2023
- Start of Operations: 9/1/2024

STAR CHIP

- Solicitation Posted on the ESBD: 12/7/2022
- Notice of Intent to Award: 3/7/2024
- Anticipated Start of Operations: Q1 FY 2026

STAR Kids

- Solicitation Posted on the ESBD: 5/10/2024
- Anticipated Notice of Award: Q2 FY 2026
- Anticipated Start of Operations: Q2 FY 2027

