The Good, Bad & Ugly of Acquiring Health Services

Breakout Session #: B14

Presented by: Ted Terrazas

Date: July 24th

Time: 2:30 PM
Ted Terrazas, Sr. VP

Private Sector
Three contractors are bidding to provide medical coverage at the White House in DC. One is from NY, another from TX, and the third is from CA. All three go with a White House Official to review the effort and facility. The California contractor asks a lot of questions and does some analysis, then works some figures with a pencil. Well he says, I figure the effort will run about $9,000: $4,000 for materials and $4,000 for labor and $1,000 profit for me.

The Texas contractor asks some questions and does some analysis, then says, I can do the job for $7,000: $3,000 for materials, $3,000 for labor and $1,000 profit for me.

The NY contractor doesn't ask any questions and without any analysis leans over to the White House Official and whispers, $2,007,000. The Official says, you didn't even ask any Questions like the others! How did you come up with such a high figure?

The NY contractor whispers back, $1,000,000 for me, $1,000,000 for you, and we hire the guy from Texas to provide the services for $7,000.

Done! Replies the government official.
One Team

- Avoid an adversarial relationship

Two things that set up a situation for a settlement.
- The Requirement
  - How its defined
  - How it is interpreted
- The Execution
  - Not meeting customer expectation
  - You get what you pay for
The breakdown usually occurs in the initial stages of defining the requirement:
1. The understanding of the requirement/s
2. The requirement analysis includes pricing

By the contracting entity
See handout & Let’s discuss.
Avoid Group Think & Seek to Understand

- Identify Key Stakeholders
- Develop Evaluation Criteria
- Perform Estimate
- Procurement Plan

Study & Build a Team

- Market Drivers
- Business Models
- Use Tools
- Have SME input
- Ask your medical user team to assist in evaluation
Case – Medical Coders

Requirement Analysis

• What type of coding?
• Where in-house or remote?
• Hospital/clinic?
• Experience level?
• Who buys coding books/updates?
• What type of qualifications for vendor?
• Etc.
If your analysis establishes a price point and your bids are clustered higher/lower. There is a flaw in the analysis. It could be market but it can also be how the requirement is stated.

Knowledge makes the contracting entity culpable and can place the customer (medical user) at risk.
Evaluate

On Target  Off Target  One Shot Off
The customer (medical user) is not always fair with their contracting entities.
1. They sometimes leave out critical data points
2. Don’t have enough funds
3. Have little understanding of their own market.
   - Many times because there is a lack of investment in tools. Salary.com is commonly used for staffing.
CAUTION!!

- Greater Fool Theory –

You will always find someone who will bid lower than it is safe.

To assume the vendor is buying into the business. Is not prudent. Seek to understand…
MEMORANDUM FOR DISTRIBUTION

SUBJECT: Use of Federal Acquisition Regulation (FAR) Provision 52.222-46, Evaluation of Compensation for Professional Employees

This policy memorandum is to remind contracting officers of the appropriate use of the provision at FAR 52.222-46, Evaluation of Compensation for Professional Employees and require it to be inserted in full text (vice by reference).

As prescribed in FAR 22.1103, the contracting officer shall insert the subject provision in solicitations for negotiated contracts when the contract amount is expected to exceed $700,000 and services are to be provided which will require meaningful numbers of professional employees. The provision requires that offerors submit for evaluation a total compensation plan setting forth proposed salaries and fringe benefits for professional employees working on the contract. Further, it advises prospective offerors that any plan indicating unrealistically low professional employee compensation may be assessed adversely as one of the factors considered in making an award.
Professional compensation that is unrealistically low or not in a reasonable relationship to the various job categories, may impair the Contractor’s ability to attract and retain competent professional service employees, and as such, should be viewed as evidence of failure to comprehend the complexity of the contract requirements. Therefore, this provision cautionsofferors that lowered compensation for essentially the same professional work may indicate lack of sound management judgment and lack of understanding of the requirement. Additionally, proposals envisioning compensation levels lower than those of predecessor contractors for the same work will be evaluated on the basis of maintaining program continuity, uninterrupted high-quality work and availability of required competent professional service employees. Further it advises that failure to comply with this provision is grounds for rejection of the proposal.

Effective immediately, this provision shall be incorporated in full text in every applicable solicitation. In concert with the notification provided within the provision, contracting officers shall ensure that Source Selection Plans along with Sections L and M of competitive solicitations accurately reflect consideration of this provision. The Navy Marine Corps Acquisition Regulation Supplement will be updated to include this shortly.

My points of contact for this can be reached at (703) 614-9597 or (703) 614-9767.

Elliott B. Branch
DASN(AP)
Examines and treats patients independently and in autonomous collaboration with other health care professionals. Ensures proper illness and injury care and disease prevention, diagnosis, treatment, and recovery. Requires a master's degree in area of specialty, certification as a Certified Registered Nurse Practitioner (CRNP), and state authority for advanced practice. Familiar with a variety of the field's concepts, practices, and procedures. Relies on experience and judgment to plan and accomplish goals. Performs a variety of tasks. May lead and direct the work of others. A wide degree of creativity and latitude is expected. Typically reports to a manager or head of a unit/department.
Psychologist – Minot, ND.
CEB TalentNeuron™

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Optical Techs – San Antonio, TX
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### Executive Summary: Java Developer in Atlanta, GA
The median candidate has 4-10 years of experience. The median candidate's highest level of education is bachelor's degree. 75% of active candidates are male and 25% are female. The cities where active candidates most frequently live are Atlanta, GA and Alpharetta, GA.

### Supply
- **6,928 Candidates**

#### Top Candidate Titles
- Software Engineer: 94
- Software Developer: 93
- Java Developer: 77
- Sr. Java Developer: 68

### Demand
- **31,530 Jobs**

#### Top Job Titles
- Java Developer: 2225
- Senior Java Developer: 885
- Software Developer: 411
- Sr. Java Developer: 369

#### Compensation
- **$103,000**
- **Median**
- **$84,000**
- **Low**
- **$121,000**
- **High**

#### Favorable Locations
Consider focusing your recruitment activities to cities with less difficult recruiting environments and large availability of candidates.
Does Joint Commission Certification Guarantee or help on-time fills, reduction of turnovers...??

“Certified staffing firms understand the compliance and continuous improvement issues that their customers work with, it can help increase your clients’ confidence in your company.”

*The Joint Commission – Website 5/25/17*
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Medical Technology Enterprise Consortium (MTEC)

Is a biomedical technology consortium collaborating with multiple government agencies under a 10-year renewable Other Transaction Agreement (OTA) with the U.S. Army Medical Research and Materiel Command (USAMRMC).

Networking between industry, academic, and government stakeholders

Visibility into government needs and priorities and an increased ability to leverage IR&D investments to meet those needs

Operates via flexible contracting vehicle & minimizes cash flow challenges through rapid, single-point contracting capability of the Consortium Manager

https://mtec-sc.org/about-us
The **Good, Bad, & Ugly** exist on both sides of the contract

- If the contracting entity does not ask or listen to feedback…
- If industry doesn't provide feedback…