



Successful Procurement: Art or Science?

Overview: This white paper was prepared by netlogx, a Project Management company, to provide insight into the strategies that lead to a successful MMIS procurement.



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Introduction

Ensuring the successful procurement to replace a Medicaid Management Information System (MMIS) is important because it represents a very large investment for the State. In addition to the very large sums of money both the State and Federal Government will expend on this endeavor, the State must invest an especially large amount of their time and effort. These projects have far reaching impact – spanning through the entire Medicaid Enterprise and into the large provider and member communities.

The risk of failure is great. These projects do not always succeed. They are rarely delivered on time and on budget and in some instances, they are never completed. The magnitude of the projects makes them a beacon for publicity. They are highly visible and the threat for landing “above the fold” of the local newspaper is high.

How do states increase their likelihood of success? Here are eight (8) tested strategies that can help lead your state’s procurement project to success:

1. Understand your landscape

- Have a good **understanding of the policies and initiatives** that are on the horizon. Anticipating the legislative mandates and key initiatives that will face your Medicaid Enterprise in the next five to ten years will help you to develop a vision that will address these legislative requirements.
- At the same time, **understand and anticipate the future political platform** of your state. Once again, being able to predict the direction for the agency over the next five to ten years will help you to define your vision.

About netlogx:



Founded in 1998, netlogx is an Information Risk Management company that specializes in working with our customers and consultants to solve complex business problems.

We provide Project, Security and Information Management services and products that enable our customers to get “Better, Faster, Cheaper” and thrive by effective and efficient Risk Management.



- Have a **good understanding of your current business and technology**. Invest in business process mapping activities and a technology assessment to understand how your organization does business today and to clearly understand the technology that supports that business. Completing a MITA 3.0 State Self-Assessment (SS-A) will help, but do not be satisfied with just completing the steps required of the assessment. Evaluate the individual tasks and leverage the work that is being done to complete your SS-A to meet this goal. Aim to know where you are from both a business and technology perspective.

2. Start with the end in mind

- Define your vision for the MMIS in the context of your business needs. Articulate the qualities you require from your MMIS to set the context for your procurement. At this stage, don't define the detailed requirements. Think about qualities, such as:
 - **Agility:** Medicaid Agencies are faced with ongoing legislative changes that require quick changes. Does your new MMIS need to demonstrate how it will keep up with ongoing changes?
 - **Flexibility:** Medicaid Agencies are participating in more and more demonstration projects, pursuing more and more waiver programs. Along with this comes a shift to non-traditional delivery systems and payment models. Can your new MMIS support these ever changing delivery systems and payment methodologies?
 - **Scalability:** The Medicaid population continues to change. Is your new MMIS able to quickly expand to meet the needs of an expanding population?
 - **Predictability:** Medicaid budgets are tight and we see no relief in sight. Do you need to be able to predict the cost of maintaining your MMIS?
 - **Usability:** Can you afford a long ramp up to train your staff to use your new MMIS? If not, how will you ensure that your new MMIS demonstrates that it can be easily adopted by your business and technical users?

3. Build a planning team

- Select a **Procurement Champion and other dedicated staff** who will be involved through the procurement and implementation of the MMIS. These individuals must be capable of maintaining the vision, communicating the progress of the project and, most importantly, they must have the responsibility and authority to lead this project. As you select your core team, evaluate the anticipated time commitment and potential conflicting priorities, recognizing that staff members assigned to this project may need to be relieved of their primary job responsibilities to allow them to concentrate their efforts on the MMIS project.
- Embrace the importance of **strong Project Management**. Select team members who are project management experts who will be able to manage the project, working to keep it on time and on budget, while identifying and quickly mitigating risks.
- Select **experts in the procurement process** who can guide the procurement activities and avoid common procurement pitfalls. These experts will help you ensure that your procurement gives you the best odds to select a solution vendor that will best meet your requirements and will carry forth your MMIS vision.

4. Avoid working in a silo

Communication and coordination throughout your agency and sister agencies can provide opportunities to leverage state and federal funding. Coordinating efforts with other agencies with a similar vision and objectives can lead to cost savings, eliminate re-work and provide improved services to the larger population.



5. Apply discipline when evaluating your options

Using your vision, identify the viable replacement options for your MMIS. Develop a method to analyze and evaluate your options consistently and fairly. Select evaluation criteria and try to assign objective measures to criteria to ensure that you can come up with an answer that is defensible.

6. It's all in the requirements

- Invest in the development of requirements. The quality of your requirements can make or break your procurement. Whether they are business or technical requirements, the goal is to develop requirements that are:
 - **Clear:** Is the language understandable? Can a potential bidder develop a viable response for this requirement? Can they price it?
 - **Consistent:** A standardized format and a consistent look and feel will facilitate the review and approval process within the State and will make it easier for potential bidders to respond. Using standard verbs and terms will also communicate your requirements more effectively.
 - **Traceable:** Develop a traceability matrix during the evolution of the requirements to be able to document the origin and progression of the requirements. Assigning unique requirement identification numbers early will facilitate traceability. Maintain version control throughout the review and approval process. Consider storing the background information, discussion, comments and commenters who contributed to the requirement. Being able to trace the history of a requirement can be beneficial later in the procurement process. Don't rely on staff to remember the history; staff members change and the history of requirements and decision making can easily be lost. How often have you been asked, "What was our original intent when we wrote this requirement?" "Who was the champion of this requirement?" "Why did we think it was important?" Applying the discipline of traceability early will have huge payoffs throughout the procurement and implementation processes.
 - **Single Action:** Develop requirements that are limited to a single action. Although this may seem tedious and unnecessary during the requirements development process, single action requirements are much easier to trace through the development process. They facilitate requirements validation, development and testing.
 - **Leverage MITA:** The MITA business process model provides a precise framework for organizing your requirement development sessions and subsequent requirements. Identify your teams by MITA Business Areas and Processes.
 - **Involve your Stakeholders:** This is an activity that must involve state staff. The requirements must address their needs and their involvement in the development, review and approval process is critical. Understand that your stakeholders may need training to ensure that they are aware of the possibilities. This will help you to avoid the pitfalls of writing requirements that replicate your current solution and processes. Optimally, stakeholders should represent all key MITA Business Areas and Processes within the Medicaid Enterprise.
 - **Don't start with a blank sheet of paper:** Leverage previous requirements from past procurements. Evaluate these requirements to determine what worked and what didn't. Isolate the requirements that were problematic during the proposal response, requirements validation or implementation. Work to



address those concerns by revising or eliminating those requirements. Reuse the requirements that continue to work well for your organization.

- **Close the gaps:** Understand the vision for your MMIS and start by identifying gaps between your current business processes and technology and your vision. Develop requirements to resolve those gaps
- **Validate your requirements:** The results of the gap analysis and requirements development process should initiate a touch point with Medicaid management and executives. At this point, you need them to invest the time necessary to validate that requirements remain aligned to the agency's MMIS vision.

7. What's in an RFP?

The development of the RFP isn't simply an exercise in compiling the requirements and establishing timelines. Planning and research are important activities in this process too.

- **Know Your Boundaries:** Before you write your RFP, take time to understand your state's procurement rules and requirements. Locate standard templates from the agency or organization that govern procurement documents and processes. Start this conversation early to define your limits and boundaries. In some states, you may have no flexibility in the look and feel of your RFP. In others, you may have the opportunity to structure your RFP within general procurement guidelines. Knowing this in advance can help you plan accordingly.
- **Play it Forward:** Once again, with the end in mind, understand your state's scoring and evaluation boundaries. Within those boundaries, analyze your options, develop your scenarios and work those situations through your scoring and evaluation boundaries to ensure that they will support acceptable outcomes. For example, within your scoring model, what happens if the bidder with the lowest price has the lowest technical score? If the eventual outcome is not acceptable, identify ways to avoid unacceptable outcomes.
- **Develop a realistic timeline:** When you develop your RFP timeline, consider the resource requirements for both the State and the potential bidder. If you don't allow a bidder sufficient time to respond, you will likely have fewer responses or they are apt to be of poor quality. Evaluate your state schedule and resources to ensure that you will be able to meet your deadlines, too. Take into consideration state holidays and heavy vacation periods such as Spring Break, Summer and Winter holidays. Ensure that you have enough staff on hand to respond to bidders' questions and develop necessary RFP amendments. Take the same factors into consideration as you develop your timeline for Proposal Evaluations.

8. Invest in the Evaluation Process

Planning and executing your Evaluation process is another critical step toward a successful procurement.

- **Select the Team:** Select your team based on their experience and expertise in the specific proposal subject areas. Understanding that you may be limited by the procurement rules in your state, explore options for having informal non-scoring advisors to assist the core team with the evaluation. It is often not feasible to have large evaluation teams and a resource with very specific expertise may not become a core team member. Explore the opportunity to leverage their expertise and advice for targeted requirements.

Select scoring team members who have a breadth of knowledge and are selected based on business, policy, technology and financial knowledge. Select members who:

- Can commit their time throughout the duration of the evaluation period
- Care about the change the winning proposal will effect upon their business
- Believe the evaluation is a valuable process in selecting a new vendor



Consider engaging this team early in the process. They can be engaged in the question and answer process, responding to potential bidder questions about the RFP. This provides an early opportunity to understand the RFP.

- **Train and Monitor:** Proper training and development of the evaluation team enhances the confidence level of the team. During this training, clearly define the process for evaluating proposals. Provide the team with evaluation tools to facilitate consistent review and evaluation of the proposals and to capture sufficient documentation to support further scrutiny after the evaluation process is completed. Ensure that the tools and the evaluation process support an unbiased selection of the winning proposal.

Conclusion

There are no hard and fast rules or a guaranteed recipe for success. There is definitely an art to good procurement writing. But, on the other hand, taking a scientific approach to options analysis, requirements development, and the procurement evaluation process can facilitate a more successful procurement project.

Stay tuned for the next edition where we discuss the art and science of a successful implementation project.

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netlogx has had the opportunity to work with a number of states in various phases of the procurement process. This paper is a collaborative effort that is based on our many years of procurement experience, in observing first hand, what works and what doesn't.

We will be delighted to share more in depth information about specific strategies and welcome your questions or comments.