



**Good Fences Make Good Neighbors**  
*Solid Contracting for Successful Medicaid Projects*

**2009 MMIS Conference**  
**Monday – August 17 – 3:30pm**

- What are critical factors for a solid contract?
- How does the MITA framework support the contracting process?

## ➤ **Good Fences Make Good Neighbors**

- A contract establishes the relationship between the vendor and the client
- A contract sets the boundaries for vendor responsibilities and client expectations
- In this way – a contract is like a fence – the better everyone can see that fence and understand the boundaries - the more assurance the neighbors respect their boundaries

- **Critical areas for creating solid contracts**
  - Planning for the procurement
  - RFP process
  - Contract negotiations
  - Managing the contractual relationship
- **MITA can help!**
  - MITA framework provides objectivity
  - MITA SS-A provides clarity on your project

- **Planning for the procurement – *defining the fence boundaries***
  - In order to have a good contract with a vendor you have to have a clear understanding of what you are buying!
  - MITA provides important tools for planning Medicaid projects
  - MITA State Self-Assessment

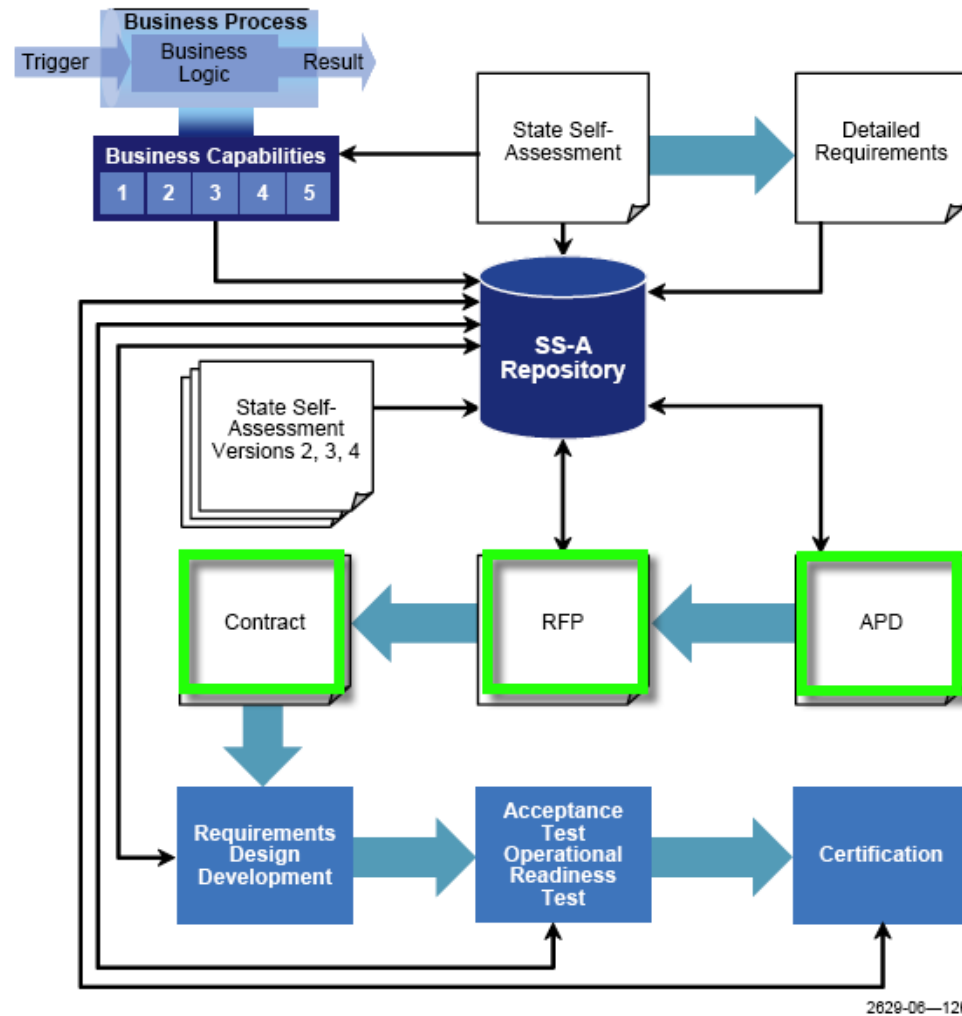
## ➤ MITA SS-A – four steps

- 1. List and prioritize the State's goals and objectives.*
- 2. Define the State's current business model and map to the MITA BPM.*
- 3. Assess the State's current capabilities.*
- 4. Determine the State's target business capabilities.*

*Following completion of the SS-A, CMS recommends that the State use the SS-A in developing its transition and implementation plan.*

- **Transition and Implementation Plans**
  - Plans for projects; likely multiple projects
  - The MITA SS-A establishes the vision
  - Leverage this tool to identify clearly “what you want to buy”
  - The SS-A is a tool that will be used to guide current projects as well as future initiatives
  - The SS-A provides the tools to help ensure your contracts reflect the vision

Figure 6-4 shows the full life cycle of the SS-A.



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Excerpt: MITA Framework p. I.6 10

Figure 6-4. Full Life Cycle of an SS-A Document

## ➤ Clearly articulate your plans

- The more clarity, the better your position to choose the right partner and have a successful contractual relationship
- Increasing complexity and duration of projects makes this difficult
- Clarity takes the form of detailed requirements which identify what the system must do or how it must operate and also establishes the boundaries for how the vendor must work with you

- **RFP Development – *building the fence***
  - The best chance of getting a good contract is with the RFP!
  - In many government procurements, the RFP becomes a part of the contract – indeed many RFP's actually are the contract
  - The RFP is more than just the procurement vehicle used to select the vendor
  - The RFP is the foundation for your relationship with the vendor

## ➤ The RFP includes

- Requirements for what is being purchased
- Explanation of evaluation criteria
- Requirements for how the vendor performs the work

## ➤ Boilerplate terms and conditions

- The legal terms and conditions are one aspect
- Be specific about expectations for the relationship with the vendor

- **Project governance structures**
  - Articulate these structures within the RFP
  - Include requirements to identify how the vendor must operate within that structure
  - Identify key roles and responsibilities for the vendor and the state
  - Consider the environment for this project – be specific and clear

## ➤ Payment milestones

- Clarity is key
- Include payment milestones in the RFP – *this is different than the pricing used for evaluation*
- Payment milestone criteria should be objective and measurable
- For example ... payment of X is dependent upon achievement of a specific MITA maturity level
- May also include incentives for performance

## ➤ Success Criteria

- Beyond “payment milestone criteria”
- Consider what will constitute success at key junctures of the project
- Identify success criteria clearly and objectively
- MITA SS-A can assist in defining objectives and providing clarity to vendors in the RFP

- **Exit / transition criteria**
  - Include the end of contract expectations in your RFP
  - This is often overlooked
- **State the obvious - don't assume!**
  - All expectations should be included in the RFP
  - A clear understanding by both parties makes for the best vendor / client relationship

- **Contract negotiations**
  - A well written RFP which clearly articulates the desired product / services required will facilitate contract negotiations
  - MITS SS-A can also support contract negotiations
  - Contract negotiations aren't the end of the process

- **Managing the contractual relationship – *maintaining your fences***
  - Strive for continuity of people on both sides
  - Maintain clearly defined roles
  - Foster shared goals
  - Monitor performance
  - MITA can support all of the above
  - Document lessons learned during the project

## Questions?

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