

MEMORANDUM

TO: Patti Bowers
THROUGH: Sherri Garte
FROM: Margaret Serapin
DATE: September 30, 2014
**SUBJECT: Award Recommendation – Our File #201400844
Operation and Management of the NC Veterans Homes**

COMMENTS:

The North Carolina Department of Administration, Division of Veterans Affairs (NCDVA) requests permission to award a contract, as a result of a 2-Step RFP, to PruittHealth Veteran Services – North Carolina, Inc. (PruittHealth). This contract shall provide the operation and management of the NC Veterans Homes throughout the State.

The subject RFP was issued June 26, 2014, and three (3) Addenda were issued. Two (2) proposals were received and opened August 5, 2014; Health Dimensions Group (HDG) and PruittHealth Veteran Services – North Carolina, Inc. (PruittHealth). The proposals were evaluated in accordance with the evaluation criteria stated on Page 23 of the RFP. The Evaluation Committee consisted of five (5) subject matter experts.

Upon initial review of the proposal submitted by HDG, the response has been deemed non-responsive, as it was noted in its proposal response that “HDG accepts all terms and conditions; **however, the substance of this response is not intended as a contract offer**, but rather is intended to set out the general terms which, taken together with the required contractual provisions outlined in the RFP...”

Vendor	% of Net Revenues	Results
PruittHealth	9.25%	Recommended for Award
Health Dimensions Group		Non-responsive

Approval was granted by this office on June 25, 2014, to proceed with a five (5) year contract term; with the option to renew for five (5) additional one (1) year periods. In accordance with 01 NCAC 05B.0501 Basis for Rejection and 01 NCAC 05B. 0503 Negotiation, NCDVA requested to reject all offers and negotiate with PruittHealth for a lower cost. Approval was granted by this office on September 2, 2014. The BAFO was approved by P&C Legal on September 18, 2014 and submitted to the Vendor for completion. A complete response was received September 18, 2014 from PruittHealth and the % of Net Revenues was reduced from 9.75% to 9.25%.

PruittHealth is responsive and responsible to the technical requirements of the proposal; providing the most advantageous proposal to the State (see attached Agency Award Recommendation for further details). NCDVA requests permission to award this contract to PruittHealth Veteran Services – North Carolina, Inc., for a five (5) year period, effective December 1, 2014 through October 31, 2019; for a net rate of 9.25% of net revenues for management fees excluding the performance bond for an estimated \$3,885,000.00 per year. In addition, NCDVA requests the option to renew for an additional five (1) one (1) year periods for up to a total of ten (10) years. The Agency will pay PruittHealth Veteran Services – North Carolina, Inc. an estimated amount of \$207,000,000.00 over the life of the contract, which includes the operational costs. PruittHealth will bill the State on a monthly basis for the management and operations of these nursing facilities. The funding source is receipt based; derived from Medicare, Medicaid, private funds and funds from third party insurance companies deposited in the State Veteran Homes Trust Fund.

APPROVED _____ DATE _____

DISAPPROVED _____ DATE _____