



Notice of Intent to Certify Sole Source

To: Interested Parties

From: David C. Johnson 

CC: ITS Project Number 48152

Date: June 11, 2024

Re: Sole Source Certification Number 4630 to provide medical claims software for the Mississippi Division of Medicaid (DOM)

Contact Name: Lori Ryan

Contact Phone Number: 601-432-8284

Contact E-mail Address: Lori.Ryan@its.ms.gov

Sole Source Certification Award Details

Regarding Information Technology Services (ITS) Sole Source Certification Number 4630 for DOM, please be advised that ITS intends to award 3M Health Information Systems, Inc., as the sole source provider of medical claims software through June 30, 2027, in an amount not to exceed \$107,187.12. Please be advised that ITS will determine if additional licenses, enhancements, upgrades, or support are within scope during the certification period and may increase the spending authority accordingly. Should 3M Health Information Systems, Inc. change their name during this certification period, then ITS will determine if a recertification is necessary. For an explanation regarding Mississippi state law, policy and procedures for sole source procurements, refer to Attachment B: Sole Source Procurement Overview.

Sole Source Criteria

1. The product or services being purchased must perform a function for which no other product or source of services exist:

3M Health Information Systems, Inc. is the sole provider of the stand-alone version of Potentially Preventable Readmissions (PPR) Core Grouping Software (CGS) and Potentially Preventable Complications (PPC) Core Grouping Software which integrates with the All Patient Refined Diagnosis Related Group (APR-DRG) software currently in use by the Mississippi Division of Medicaid (DOM).

Potentially Preventable Readmissions (PPR) Software:

- **The PPR software platform itself (core grouping software) is a unique software platform and contains unique clinical logic for categorizing/identifying potentially preventable readmissions that are clinically related to the initial hospital admission.**
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- The PPR definitions are limited to those readmissions where there is a plausible clinical connection to the initial admission by comparing the APR DRG of each admission. There are over 100,000 possible combinations in the logic.
- The PPR solution also contains unique clinical logic for categorizing/identifying potentially preventable emergency department (PPR ED) visits that are clinically related to the initial hospital admission.
- The PPR and PPR ED solutions incorporate chain logic to mitigate impacts to certain specialty hospitals/populations.
- The PPR software output contains actionable information that can be aggregated to various levels for higher level analyses.
- The PPR clinical logic excludes planned readmissions and those for unrelated services.
- The PPR solution includes a broader set of readmission reasons than other solutions.
- The PPR solution embeds risk adjustment within the solution that aligns with a standard payment method, APR DRG (a 3M software solution for hospital inpatient classification in use by DOM)
- The PPR solution also outputs other risk adjustment variables that can impact rates (indicators for Age, Mental Health, and Substance Abuse)
- The PPR solution was developed for use in all populations covering all conditions.
- The PPR solution, with PPR ED, has been in use by DOM since 2019, for both hospital and health plan quality measurement/payment adjustment. The hospitals and health plans are familiar with the methodology.

Potentially Preventable Complications (PPC) Software:

- The PPC software platform itself (core grouping software) is a unique software platform and contains unique clinical logic for categorizing/identifying potentially preventable complications that occur within an inpatient stay.
 - The PPC solution includes a component that provides statistics on hospital present on admission coding practices when patients are admitted.
 - PPC software output contains various levels of aggregation of PPCs, for higher level analyses.
 - The PPC solution includes a broader array of complications subject to performance measurement compared to other solutions.
 - The PPC solution embeds risk adjustment within the solution that aligns with a standard payment method, APR DRG (a 3M software solution for hospital inpatient classification in use by DOM).
 - The PPC solution has been in use by DOM since 2021, for hospital quality measurement/payment adjustment. The hospitals are familiar with the methodology.
2. The purchaser must be able to show specific business objectives that can be met only through the unique product or services:

The 3M™ Potentially Preventable Readmissions (PPR) methodology identifies inpatient readmissions that could have potentially been preventable according to

clinically precise criteria. The software determines whether a readmission is clinically related to a prior admission based on the patient's diagnosis and procedure codes associated with the prior admission and the reason for readmission.

The 3M™ Potentially Preventable Complications (PPC) Grouping Software applies clinical logic to review complications that occur during a hospital stay. The software identifies conditions not present on admission and determines whether the conditions were potentially preventable given patient characteristics, reason for admission, clinical procedures, and interrelationships between underlying medical conditions.

3. The product or services must be available only from the manufacturer and not through resellers who could submit competitive pricing for the product or services:

3M is the sole source provider of the stand-a-lone version of the following 3M software products in the United States of America, not including Puerto Rico:

- 3M™ Potentially Preventable Readmissions (PPR) Core Grouping Software (CGS)
- 3M™ Potentially Preventable Complications (PPC) Core Grouping Software (CGS)

This software is exclusively marketed, installed, and supported by 3M, and has no resellers. 3M provides training, documentation and implementation services related to the 3M software. The Vendor's sole source certification letter is included as Attachment A.

Schedule

Task	Date
First Advertisement Date	06/11/24
Second Advertisement Date	06/18/24
Response Deadline From Objectors	06/25/24 at 3:00 P.M. Central Time
Notice of Award/No Award Posted	Not before 06/26/24

Project Details

Based on the authorization in MS Code Section 43-13-117 (A) (1) (a), the Mississippi Division of Medicaid (DOM) uses the 3M™ All Patient Refined – Diagnosis Related Groups (APR-DRG) for payment of inpatient hospital claims. Since 2012, DOM has used a free version of the 3M™ APR-DRG software to group and price inpatient claims and has used the related 3M™ products Potentially Preventable Readmissions (PPR) and 3M™ Potentially Preventable Complications (PPC) Grouping Software since 2020 to analyze those claims and create individual provider quality metrics.

DOM has used a free version of the PPR and PPC Grouping Software to hold hospitals accountable for quality care. DOM does this by running all claims priced with APR-DRG through the 3M™ PPC and PPR algorithms to find a statewide rate for PPCs and PPRs and then reduce the payments made to any hospital(s) who do not meet certain thresholds. Approximately \$291 million is currently allocated to hospitals partially based on the PPR and PPC calculations.

In 2022, DOM added accountability for PPR and PPC rates to the managed care organizations (MCO) and placed approximately \$2.4 million in the annual payment to the MCOs at risk.

The addition of MCO accountability provides for better care coordination, but sharing additional claims grouping data with the MCOs about the PPR and PPC calculations is not included in the free version of the software.

Submission Instructions and Format of Response from Objecting Parties

Interested parties who have reason to believe that the medical claims software should not be certified as a sole source should provide information in the following format for the state to use in determining whether or not to proceed with awarding the Sole Source contract to 3M Health Information Systems, Inc.

1.1 Interested Party Information

1.1.1 Contact Name, Phone Number and email address

1.1.2 Company Website URL, if applicable

1.2 Objection to Sole Source Certification

1.2.1 Interested parties must present specific objections to the Sole Source certification using the criteria listed above.

1.2.2 A statement regarding the Interested Party's capabilities as related to this Sole Source Certification Request.

1.3 Comments will be accepted at any time prior to Wednesday, June 26, at 3:00 p.m. (Central Time) to Lori Ryan at Lori.Ryan@its.ms.gov or at the Mississippi Department of Information Technology Services, 3771 Eastwood Drive, Jackson, Mississippi 39211. Responses may be delivered by hand, via regular mail, overnight delivery, e-mail or by fax. Fax number is (601) 713-6380. ITS WILL NOT BE RESPONSIBLE FOR DELAYS IN THE DELIVERY OF RESPONSES. It is solely the responsibility of the Interested Parties that responses reach ITS on time. Interested Parties may contact Lori Ryan to verify the receipt of their Responses. Responses received after the deadline will be rejected.

1.4 Interested Party responses should include the following information:

**SUBMITTED IN RESPONSE TO
Sole Source Certification No. 4630-48152
Accepted until June 26, 2024 @ 3:00 p.m.,
ATTENTION: Lori Ryan**

If you have any questions concerning the information above or if we can be of further assistance, please contact Lori Ryan at 601-432-8284 or via email at Lori.Ryan@its.ms.gov.

Attachment A: Vendor Correspondence

Attachment B: Sole Source Procurement Overview



3M Health Information Systems, Inc.
575 West Murray Boulevard
Murray, UT 84123-4611
801-265-4400

January 31, 2024

Mississippi Medicaid
IT Procurement Office
550 High Street, Suite 1000
Jackson, Mississippi 39201
Attn: Jill B. Chastant, CMPA, CPM

Dear Jill B. Chastant,

3M is the sole source provider of the stand-a-lone version of the following 3M software products in the United States of America, not including Puerto Rico:

- 3M™ Potentially Preventable Readmissions (PPR) Core Grouping Software (CGS)
- 3MTM Potentially Preventable Complications (PPC) Core Grouping Software (CGS)

This 3M software is exclusively marketed, installed, and supported by 3M, and has no resellers. 3M provides training, documentation and implementation services related to the 3M Software.

If you have questions, please contact your 3M Sales Representative, Matthew Ferrara, at mferrara2@mmm.com.

Sincerely,

A handwritten signature in black ink that reads "John C. Mathison" with a small "JR" monogram to the right.

John C. Mathison
HIS Operations
3M Health Information System

Attachment B

The acquisition of information technology for all state agencies and institutions of higher learning (IHLs) is within the scope of the ITS law, found in Mississippi Code Section 25-53-1, et seq., and the policies and procedures established in accordance with this statute, found in the ITS Procurement Handbook posted on the ITS website (www.its.ms.gov).

ITS enabling legislation requires that information technology hardware, software and services be acquired in a manner that insures the maximum of competition among all manufacturers and suppliers of such equipment and services. Accordingly, ITS promotes full and open competition through the issuance of open specifications and the objective evaluation of Interested Party proposals to determine the lowest and best offering to meet an agency's or public university's business requirements. True competition protects the integrity and credibility of purchasing in the public sector and is essential in providing best value and adequate contractual protection for the purchasing entity. In certain limited situations, information technology acquisitions may be sole-sourced.

ITS utilizes the provisions of Public Purchasing Law for Sole Source and Emergency procurements of information technology. Mississippi Public Purchasing Law (Mississippi Code Section 31-7-13) specifies that noncompetitive items available from one source only be exempted from bid requirements (sole-sourced). ITS statute, in Section 25-53-5 (p), permits ITS to utilize provisions in Public Purchasing Law or regulations, when applicable.

Per Public Purchasing law, acquisitions must meet the following criteria to be authorized as sole source:

1. The product or services being purchased must perform a function for which no other product or source of services exists,
2. The purchaser must be able to show specific business objectives that can be met only through the unique product or services, AND
3. The product or services must be available only from the manufacturer and NOT through resellers who could submit competitive pricing for the product or services. The vendor's correspondence regarding this criterion for this project is included as Attachment A.

By policy as documented in the ITS Procurement Handbook, acquisitions of IT services must include the following information to be authorized as sole source:

1. An explanation about why the amount to be expended is reasonable, and
2. An explanation regarding the efforts by the purchaser to obtain the best possible price.

For state agencies, approval of all technology purchases with a lifecycle cost of \$5,000 or less, including sole source purchases, has been delegated to the agency. The ITS Procurement Limits Policies for Agencies (a section in the ITS Procurement Handbook) require a minimum of two competitive written bids or proposals for technology purchases with a lifecycle cost over \$5,000 but not over \$75,000 (not over \$25,000 for projects funded by the American Recovery and Reinvestment Act). Since, for single source items, the procuring agency will be unable to obtain two written bids, ITS must certify all sole source acquisitions of information technology with a lifecycle cost greater than \$5,000.

Institutions of Higher Learning (IHLs) or public universities have been delegated the authority to certify sole source procurements up to \$250,000 lifecycle cost under the ITS Procurement Limits Policies for IHLs (a section in the ITS Procurement Handbook). For the certification of sole source procurements delegated to the CIOs at public universities, the public university must follow ITS' Sole Source Procedure, including advertisement of the intent to award as sole source. Institutions certifying a sole source purchase must ensure the criteria listed above are met and documented in writing by the institution and the Interested Party prior to certifying a product or service as sole source. Sole source documentation must be reviewed and approved by the IHL's CIO for any sole-source certification above \$5,000. All sole source documentation should be retained in the public university's procurement file. Sole source requests above \$250,000 lifecycle cost require ITS approval.

Other than the delegations outlined above, all sole source technology procurements must be certified by ITS.

ITS thoroughly reviews Sole Source Certification Requests, determining if competing products and/or services exist. If so, ITS conducts a competitive procurement. If ITS' review confirms the sole source, then a Sole Source advertisement is issued, giving other Interested Parties an opportunity to identify competing products and/or services. Based upon the results of the Sole Source advertisement, ITS will either certify the request as a sole source or conduct a competitive procurement.