

**DEPARTMENT OF BUDGET AND MANAGEMENT  
ACTION AGENDA**

**SERVICES CONTRACT**

**ITEM:** 2-S **Agency Contact:** Cecilia Januszkiewicz  
(410) 260-7041  
cj@dbm.state.md.us

**DEPARTMENT/PROGRAM:** Budget and Management (DBM)  
Office of Personnel Services and Benefits  
Employee Benefits Division

**CONTRACT ID:** **F10R6200070;**  
Mental Health and Substance Abuse Services  
ADPICS NOs. F10B6200017 (Claims)  
F10B6200018 (Admin)

**CONTRACT DESCRIPTION:** Contract to provide mental health and substance abuse insurance benefits for Maryland State employees and retirees enrolled in the Preferred Provider Organization (PPO) and Point-of-Service (POS) health insurance plans. The contract also provides Employee Assistance Plan (EAP) benefits to all active State employees.

**AWARD:** APS Healthcare Bethesda, Inc.  
Silver Spring, MD

**TERM:** 7/1/2006 - 6/30/2011

**AMOUNT:** \$51,500,000 Est. (5 Years; Claims)  
\$13,500,000 Est. (5 Years; Admin)  
\$65,000,000 Est. (5 Years; see Requesting Agency  
Remarks below)

**PROCUREMENT METHOD:** Competitive Sealed Proposals

**BIDS OR PROPOSALS:** See Attachment

**MBE PARTICIPATION:** 15% (see Requesting Agency Remarks below)

**FUND SOURCE:** 100% Reimb. (see Requesting Agency  
Remarks below)

**DEPARTMENT OF BUDGET AND MANAGEMENT  
ACTION AGENDA**

**ITEM:** 2-S (Cont.)

**PPROP. CODE:** F10A0240

**INCUMBENT:** Same

**REQUESTING AGENCY REMARKS:** A notice of the availability of the Request for Proposals (RFP) was advertised in the *Maryland Contract Weekly* and at the website *eMarylandMarketplace.com*. A total of 60 copies of the RFP were mailed to vendors of which 31 were Maryland firms and 6 were MBEs. The State has established an MBE goal of 15% of the administrative fees retained by the contractor under the contract.

Four proposals were received. All were deemed reasonably susceptible of being selected for award (see Attachment).

The RFP provided that technical ranking had more weight than the financial ranking in the overall award determination. Award is recommended to APS Healthcare Bethesda, Inc., (“APS”), the incumbent. APS was the highest technically ranked offeror, was third in cost and was determined to be the most advantageous offer to the State.

The mental health and substance abuse benefits under this contract will provide coverage for PPO and POS enrollees. Individuals enrolled in Health Maintenance Organization (HMO) medical plans receive all mental health and substance abuse benefits through their HMO.

The following types of treatment for mental health and substance abuse are included in this contract:

- Inpatient facility and professional services;
- Partial hospitalization; and
- Outpatient facility and professional services.

The contract also provides certain Employee Assistance Program (EAP) benefits to active employees (whether they have elected medical plan participation or not), who are referred to State management personnel by the EAP Unit in the DBM Office of Personnel Services and Benefits. Employees are limited to a total of three hours of EAP counseling per occasion of referral. There is no co-payment paid by the employee if the visit has been authorized by the State’s EAP Unit.

**DEPARTMENT OF BUDGET AND MANAGEMENT  
ACTION AGENDA**

**ITEM:** 2-S (Cont.)

The source of reimbursable funds for this contract comes from transfers from agency budgets.

The *Award Amount* above is different from the offer amount shown in the Attachment. This amount is different because the offer amount in the Attachment was based upon a model for evaluation purposes. The model projected 2 years worth of claims (but included fee guarantees for the entire 5 year term). The *Award Amount* is estimated and is based on projected fixed administrative fees and a projection of the number of provider visits and non-discounted claims using a minimum guaranteed discount.

**RESIDENT BUSINESS:** Yes

**MD TAX CLEARANCE:** 06-0669-1111

---

Board of Public Works Action - The above referenced Item was:

APPROVED

DISAPPROVED

DEFERRED

WITHDRAWN

WITH DISCUSSION

WITHOUT DISCUSSION