

To: Meredith Swartz, Purchasing Officer
Department of Administration

From: Evaluation Team – Department of Military and Veteran Affairs

Re: Recommendation of Award
Bid #: 13-DOA154085146
Title: Operation and Management of Licensed Nursing Facilities

Date:

The Department of Military and Veteran Affairs solicited for qualified Vendors to submit proposals under RFP# 13-DOA154085146 Operation and Management of Licensed Nursing Facilities. The RFP sought proposals from experienced and qualified entities desiring to manage, administer and operate the North Carolina State Veterans Homes (NCSVH). The NCSVH are Medicare/Medicaid and VA certified facilities that provide skilled nursing care based on the eligibility and priorities established in NC General Statute §143B-1298. The terms of this contract and the contents of this RFP will require the successful Vendor to operate each state home facility as a highly qualified Licensed Skilled Nursing Facility. The current open and operational NCSVHs are located in Salisbury, Fayetteville, Kinston, Kernersville, and Black Mountain, North Carolina. The NCSVH in Raleigh, NC (Raleigh Facility) is projected to be in operation in Fiscal Year 2024 (which will be within the timeframe of execution of this request for proposal).

Bid Process:

Department of Administration Fiscal Management Purchasing Section (DOA-OFM) performed as the Purchasing Administrative Office for this procurement. The RFP was posted to the IPS system on April 6, 2021. An urged and cautioned pre-proposal conference was held on April 15, 2021 where Vendors could call in to above and apprise themselves of the conditions and requirements that will affect the performance of the work called for by this RFP. Six (6) Vendor representatives attended from four (4) different firms. Addendum 1 with answers to Vendor questions was posted on April 22, 2021. Addendum 2 was posted April 28, 2021 extending the bid opening until May 10, 2021 and changing the proposal submittal instructions due to the errors with the ARIBA Sourcing Tool. Three (3) proposals were received in response to the RFP. DOA-OFM, conducted an administrative review of the Vendor responses for completeness and found all three proposals met that minimum criteria. (See Administrative Review)

- Liberty Long Term Care Management Services, LLC
- Principle Long Term Care, Inc.
- PruittHealth Veteran Services – North Carolina, Inc.

Evaluation Team:

Pursuant to Federal Regulations, the United States Department of Veteran Affairs (USDVA) is authorized to make certain grants to states for construction and acquisition of state home facilities. In 2015, the North Carolina General Assembly enacted legislation (NCGS §143B-1291) that authorizes the NCDMVA to construct, acquire, and operate veterans' homes.

The North Carolina Veterans Affairs Commission (NCVAC) is vested pursuant to NCGS §143B-1295 with the authority to select and recommend for award a contract with a Vendor whose proposal it deems most advantageous to the veterans and to the State. The NCVAC operates under the supervision and direction of the Secretary of the NCDMVA. The NCVAC will monitor performance of the successful Vendor through the Contract Administrator. The evaluation team for this procurement are all members of the NCVAC and Military Veterans with a combined 88 years of service to our Nation. Members: Jane Campbell, John Scherer, Lovay Wallace-Singleton, and Larry Pendry. Evaluation Team met over two weeks May 17, 2021 – May 28, 2021 to complete the evaluation of the three responsive proposals.

Evaluation Method:

As listed under section 3.0 of the RFP and in accordance with N.C.G.S. §143B-1295, this procurement was evaluated and will be awarded using the "Best Value" method. Each Vendor submitted a response to the following categories that the evaluation team used in evaluation (See RFP Section 4.5 Proposal Requirements): Minimum Requirements, Experience, Organization Profile, Staffing Plan, Financial Stability, and Statement of Legal Action. The group, as a consensus, applied the evaluation criteria listed in the RFP Section 3.4 Evaluation Criteria and evaluated and documented the strengths and weaknesses of each proposal. The Vendor's Financial Stability was analyzed by a Certified Public Accountant (CPA) with Department of Administration, Stephanie Fisher. At the completion of the technical evaluation, the team ranked the proposals with the consideration of trade-off between Vendors technical evaluation and cost in light of the RFP evaluation criteria.

Technical Evaluation:

See "Evaluation Form.xls" document for complete listing of the strengths and weakness for each proposal in accordance with each of the evaluation criteria.

Liberty Long Term Care Management Services, LLC

Minimum Requirements: Liberty meets all of the minimum requirements listed in 4.5.2 of the RFP.

Experience: Liberty was founded in 1990 with over 5000 employees and operates 37 facilities in NC and SC using the PCC System. The facilities managed by the Vendor are mostly private civilian facilities, however, provide similar services to residents as the NCVSH. Vendor's facilities CMS ratings range from 1-star to 5-star, which show inconsistency in quality of care. The Vendor has limited experience and details of the scope of care for Veterans.

Liberty has seven (7) companies included under its parent company umbrella: advantage, home/hospice, medical, pharmaceutical, staffing, senior living, and healthcare management. The Vendor has focused on the acquisition of homes after management services. From the Vendor's proposal it is unclear of the role of the other 6 Liberty companies in this contract.

Liberty has experience working with Medicaid, Medicare and Private Insurance, however only limited patient experience with VA Disability Compensation 229 vets of those 91% are VA7s. The Director of Account Receivable has 40 years of experience and has handled a VA Contract.

Liberty's overall past performance shows the Vendor has the ability to manage the NCSVH and complete the transition to take over the management. There are concerns with the quality of care with the past ratings of this Vendor's facilities. There are no commonalities to decipher what is causing the low ratings.

Organizational Profile: None of the facilities managed by Liberty have closed due to code violations. CMS ratings range from 1-star to 5-star, which show inconsistency in quality of care. None of the Vendor's facilities are accredited by JCAHO.

Dietary plan is specialized and healthy. The Vendor plans to get input from patients but did not include any regional needs in menus. The Vendor plans to use Point Click Care (PCC) system and has experience in converting homes to the updated system. The Vendor will plan to provide onsite access to healthcare and will integrate the other companies of Liberty, however, did not provide the detail how it would use. Liberty plans to change out management but keep most of the current staff working at the NCSVH and will create separate staffing entity for each facility for hiring. The Evaluation team would want assurances that any resources or staff coming from this Vendor's current facilities be transferred from the Vendor's 5-star facilities.

The Liberty management plan includes checks and balances at all levels and improvement plans. The Vendor's scale of operations were able to maintain during COVID and have supply chain management for functioning during disaster. Medical supply is one of the Liberty companies under the umbrella. Consistency was not well defined on disaster recovery across Vendor's different types of facilities between CCRC and Skilled.

Staffing Plan: Liberty provided impressive clear plan 12-month plan and 90% capacity and priorities on staffing. The Vendor provided FTE, days, evenings, nights and provides 24 hour care and efficient staffing (nurse, CNA, supervisors). It is not clear if low CMS ratings are associated with staffing challenges. The Vendor provided impressive experience from upper management and has the capability to supplement key personnel from other facilities. Supervisors have not been named in the Vendor's proposal and it is unclear if transitioning from existing facilities or will hold open interviews. If the Vendor plans to transfer from other Liberty facilities, the team only wants staff from high rated facilities.

Statement of Legal Action: Settlements listed by the Vendor in its proposal are mostly with deceased estates and did not provide the details of the terms of the settlement. The evaluation team did not find any recent problematic lawsuits for Liberty.

Principle Long Term Care, Inc.

Minimum Requirements: Principle meets all of the minimum requirements listed in 4.5.2 of the RFP. It is noted that Vendor only provided 2 years of financial information. This coupled with the Vendors request to only review of 3.5 years of documentation eliminated this Vendor from the final consideration after the full technical evaluation.

Experience: Principle was founded in 1980 and manages 37 facilities in Nc, 2 facilities in VA, and 8 in KY using the PCC system. Despite being in business since 1980, the Vendor only highlighted experience on last 3.5 years of service. The Vendor completed a re-organization with all new senior leadership team in

2017. Several of these new Leaders are involved in State and Federal leadership boards including the State's re-write committee to re-write standards for nursing care facilities. The facilities managed by the Vendor are mostly private civilian facilities, however, provide similar services to residents as the NCVSH. The Vendor has limited experience and details of the scope of care for Veterans.

Principle uses an extensive list of sub-contractors to meet facility needs managing homes in 3 different states. The use of sub-contractors is a weakness and cause for questions of integration of services. The Vendor provides inhouse dietary teams and noted not only resident meal programs but also employee meal options.

Principle has experience working with Medicaid, Medicare and Private Insurance, however only limited patient experience with VA Disability Compensation. Vendor states that it handles an average of 5000 claims a month.

Principles performance information in exhibits 3 and 4 reflect ratings and complaints with G level and higher which require a corrective plan of action to cure. **Several** of the Vendor managed facilities have 1-star ratings. The Vendor does not have any facilities accredited by JCAHO, however have 7 senior leaders have worked at JCAHO accredited facilities. None of the facilities managed by Principle have closed due to code violations.

Organizational Profile: Principle provided an organizational profile and plan that included an equity and inclusion policy. The Vendor plans to hire a new VP of operations to oversee all of the operations of the homes. The Vendor does have innovative services such as the automated robotic Smart pass drug delivery system. Principle's dietary plan includes special requests for residents including birthday and seasonal options and offers meal plans to the staff as well. Dietary plan seems to be corporatized and does not cater to regional needs. The Vendor states that the average kitchen sanitation grade is 97.5 in their currently managed facilities. Principles proposal for meal costs is \$7.00 per day per resident, which would offer a potential for cost savings. Vendor outlined only 25 person landscaping crew to serve the 37 current homes it manages. The team noted concerns with relying on subcontractors to meet most of the needs of the facility and if the Vendor can provide the manpower plan to complete work of this contract. It is clear that Vendor has support services through HILLCO dedicated for life support services. The Vendor was unclear in its proposal if its plan is to keep current staff and assign regional management. The Vendor uses TELS system for inventory and maintenance.

The Vendor provided in its proposal a complete plan for COVID and other disaster recovery plans. The plan includes staff and residence procedures. The Vendor developed a COVID only facility during the pandemic and had good and creative supply chain management such as using their own 3D printers to make masks. Vaccination records were positive. The Vendor proposes in its management plan to have Leadership meetings. All of the information and performance records of the plan are from the last 3.5 years after the leadership change in 2017.

Staffing Plan: Principle provided a staffing plan that is comparable to the average and meets daily standard 4.7664 hours per patient per day and also provide 24 hour care. Vendor plans to provide a Vice President of Operations and Nursing Coordinator assigned strictly to the Veteran homes and this contract. The Vendor's staffing plan also included religious support staff. The plan breakdown provided by the Vendor in its proposal is confusing and not clear exhibit 13; meet daily standard, but not weekly standard.

The key personnel the Vendor proposes to use under this contract is a shows a strong individual management team portfolio with 20 and 30 years of experience with relatable and similar scope. The team collectively has only been with the organization for 3.5 years. The Vendor highlighted Veteran on leadership team listed as construction manager which is not part of the scope of this contract and is irrelevant due the NCGS that require the use of State Construction.

Statement of Legal Action: Settlements listed by the Vendor in its proposal are mostly with deceased estates and did not provide the details of the terms of the settlement. Through the evaluation team's google search to find out why re-organization in 2017, found Allegedly sexual assault case in NC. The individual former employee plead guilty and is currently serving 19 yrs. in prison.

https://mediaweb.wsocvtv.com/document_dev/2017/04/27/Maria%20Stamp%20Lawsuit_7901067_ver1.0.pdf

PruittHealth Veteran Services - North Carolina, Inc.

Minimum Requirements: Pruitt meets all of the minimum requirements listed in 4.5.2 of the RFP.

Experience: Pruitt is the current incumbent managing the 4 NCSVH for over 20 years with solid record of performance achieving JCAHCO accreditations and CMS ratings over 3-star in each. The Vendor has been in business since 1969 and manages 97 homes with over 24,000 residents and employs 13,000 individuals. Pruitt manages 11 facilities in NC with more than half at a 3-star CMS rating or above. Pruitt operates another Veteran home in GA for a total of 5. Vendor is a large company with operations split over 5 states.

Pruitt includes several companies under its umbrella to complete all of the services offered. The Vendor has created an organizational structure to include inhouse services to complete the tasks of this RFP. Pruitt also uses an extensive network of subcontractors to complete any tasks not directly serviced inhouse.

Pruitt has experience in working with all types of claims from Medicaid, Medicare and Private insurance. The vendor has the unique experience of detail working with VA Disability Compensation in its current management of 5 Veteran Homes. The corporate leadership team includes members that worked in the NC State Veteran homes before being promoted.

The overall past performance of Pruitt is highly favorable. There are no existing G or higher incident reports in NCSVH. In addition to being CMS 3 star or higher rated, All NCSVH facilities are JCAHO accredited. The 3-star rating was assessed to the Salisbury NCSVH during renovations. Pruitt has received multiple awards at the NCSVH:

- Black Mountain NCSVH received the AHCA Bronze Quality Award in 2020, was recognized as a US News Best Nursing Home (Overall) in 2018-2019, and was recognized as a US News Best Nursing Home (Long-Term Care) in 2020-2021.
- Fayetteville NCSVH received the AHCA Bronze Quality Award in 2019.
- Kinston NCSVH was recognized as a US News Best Nursing Home (Overall) in 2018-2019.
- Salisbury NCSVH was recognized as a US News Best Nursing Home (Overall) in 2018-2019 and as a US News Best Nursing Home (Long-Term Care) in 2020-2021

Pruitt did have one closing of private facility in Winston-Salem, but in research the evaluation team did not find alarming ratings or findings associated to the facility.

Organizational Profile: Pruitt is a very large private family-owned company. All of the sub-companies under the Pruitt umbrella have remained in the senior care field and provide various services to all Pruitt accounts. Pruitt provided an organizational profile and plan that included a Chief Development Officer who serves as Area VP for Veteran Services Regions and reports directly to CEO. The Vendor plans to branch off a specific area of operations of its company for NC Veteran Homes which provides more program focus. The Vendor has structured organization into regional teams that have operation and clinical representation for collaborative efforts to resolve issues.

In its plan, the Vendor has communication for quality control and improvement process at all levels. While the industry standard seems to be use of Point Click Care (PCC) for home management, Pruitt uses Matrix. It also uses Abaqis to improve regulatory compliance, quality of care, and clinical operations and Kronos Work Force Dimensions, a best in class time and attendance system ensuring payroll hours are accurate and timely.

Pruitt's dietary plan is in 4 week cycles that have seasonal preferences and menu includes resident specific needs and input. The vendor uses an automated distribution machine for pharmacy and provides emergency pharmacy services 24/7/365 to residents.

Pruitt's disaster recovery plan includes working with State and Federal entities to ensure compliance including direct information from NCDHHS. The Vendor was able to quickly develop policies at the onset of COVID Pandemic that included the creation of an emergency operations center. The Vendors response to the COVID Pandemic remained a consistent focus on residents with coordinated video family calls, broad use of tele-health, implementation of cleaning standards and training of staff. The Vendor was able to supply adequate PPE supply with use of inhouse and contracted services.

Staffing Plan: The Staffing breakdown in Pruitt's response was confusing and not clear of breakdown on hours and staff, however it is clear that the Vendor is meeting VAC standards of 4.25 hours per patient per day. All Vendor managed facilities have above CMS 4-star rating ("much above average") in the staffing category where staff per resident is used to determine rating. The Vendor proposes to provide 24-hour care at each facility with 3 shift plan/12 hour shifts. The staff plan includes transportation staff 3 days a week 12 hour shift and religious support staff (Chaplain). Pruitt also included in its proposal the proposed staff plan for the Raleigh NCSVH scheduled to open during the term of this contract.

The Vendor's key personal includes Chief Development Officer who serves as Area VP for Veteran Services Regions and reports directly to CEO. The individual in this position originally started working for Pruitt in a NCSVH and therefore has exceptional knowledge of the operations under this contract. The Vendor also highlighted a combat Veteran on the management team. It is clear that Pruitt has the current personnel and management performing tasks and management under this contract.

Financial Stability Analysis:

The Vendor's Financial Stability was analyzed by a Certified Public Accountant (CPA) with Department of Administration, Stephanie Fisher (See Financial Stmt Information.xlsx). The information presented here comes from audited financial statements submitted by the Vendors using common financial ratios. It is noted that Principle only provided statement for 2019 and 2020. The financial assessment shows that all 3 Vendors have the financial stability and meet the cash flow requirements outlined in the RFP.

Conclusion of Technical Evaluation

The evaluation team contacted each of the Vendor's reference and received response for 2 individuals for each Vendor. All reference responses for all Vendors were positive. At the completion of the technical evaluation the team ranked the Vendors as follows:

1. Pruitt
2. Liberty
3. Principle

Cost Analysis:

As stated in the RFP, Vendors were to propose the cost to manage the NC State Veterans Homes at a percentage (%) of net revenues (gross revenues less contractual) for management fees, excluding performance bond. The Vendors proposed the following percentages:

- Liberty Long Term Care Management Services, LLC - 8.15 %
- Principle Long Term Care, Inc. - 7.5%
- PruittHealth Veteran Services - North Carolina, Inc. - 10.0%

Cost analysis and evaluation is based on N.C.G.S. §143B-1295. The Veterans' Affairs Commission is not required to select or recommend the vendor offering the lowest cost proposal but shall select or recommend the vendor who, in the opinion of the Commission, offers the proposal most advantageous to the veterans and the State of North Carolina.

Principle only provided 2 years of financial information. This coupled with the Vendors request to only review of 3.5 years of documentation eliminated this Vendor from the final consideration after the full technical evaluation.

Liberty provides a lower rate, however during the technical evaluation the cost of service is associated with the level of care and is reflected in the ratings of the facilities the Vendor currently manages. Of the 36 facilities in NC Vendor manages one (1) is 5-star and fifteen (15) 1&2-star rated. (16.22% are 1-star facilities and 24.32% are 2-star) Jane's math.

Pruitt made note that increase to percentage from current contract at 9.25% is to accommodate for opening of 2 additional homes. Pruitt brings the strongest Technical Evaluation and has proved under the current contract that they proved an excellent program. The 1.85% differential in cost is the difference between experience, excellence in program design, management plan, and key personnel that Pruitt proposes. Of the [redacted] facilities that Pruitt manages in North Carolina Jane's math. 10% of net revenues still allows for %90 to be added to the trust fund.

Recommendation for Award:

Based upon the complete technical evaluation and the cost analysis, the Evaluation Team recommends the contract be awarded to PruittHealth Veteran Services. This Vendor has the overall best final evaluation and provides the best value to the State.

This shall be a five (5) year contract with an estimated \$_____ annual cost and total contract value of \$_____

