



**DEPARTMENT OF GENERAL SERVICES  
OFFICE OF STATE PROCUREMENT  
ACTION AGENDA  
December 13, 2023**



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**28-S-MOD. SERVICES MODIFICATION**  
*Department of Budget and Management,  
Office of Personnel Services and Benefits*

**Contract ID:** Audit Services for State Employee and Retiree Health and Welfare Benefits Program; F10B6400003, F10B7400032, F10B7400033, F10B7400034  
ADPICS No.: COK30709, COK30810, COK30811, COK30813

**Contract Approved:** DBM 2-S, 09/07/2016

**Contract Description:** Complete annual audits of the claims adjudication and payment functions, clinical functions and administrative performance of four plan service categories, noted below, in the State Employee and Retiree Health and Welfare Benefits Program (the Program).

**Modification Description:** Extend the contract term to allow for the completion of the new procurement.

**Awards:** Categories 1 and 3:  
Myers and Stauffer, LC; Baltimore, MD

Categories 2 and 4:  
WithumSmith+Brown, PC (formerly TMDG, LLC)  
Baltimore, MD

**Original Contract Term:** 01/01/2017 - 12/31/2021

**Modification Term:** 01/01/2024 - 12/31/2024

**Original Contract Amount:** \$3,439,568

**Modification Amount:** \$428,000.00 (Category 1)  
\$ 64,000.00 (Category 2)  
\$ 85,550.25 (Category 3)  
\$ 37,000.00 (Category 4)  
\$614,550.25 Total (1 Year)

**Prior Options/Mods:** \$614,550.25 (Mod. #1: Extension 01/01/2022 - 12/31/2022, DGS 18-S-MOD, 03/24/2021)  
\$614,550.25 (Mod. #2: Extension 01/01/2023 - 12/31/2023, DGS 29-S-MOD, 10/26/2022)



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**28-S-MOD. SERVICES MODIFICATION (cont'd)**

**Total Contract Amount:** \$5,283,218.75

**Percent +/- (This Item):** 17.87%

**Total Percent Change:** 53.60%

**Original Procurement Method:** Competitive Sealed Proposals

**MBE/VSBE Participation:**

Category 1 - Medical Plans	20% / 0.5%
Category 2 - Dental Plans	15% / 0.5%
Category 3 - Prescription Drug Benefits Plan	13% / 0.5%
Category 4 - Flexible Spending Accounts:	15% / 0.5%

**MBE/VSBE Compliance:**

Category 1 - Medical Plans	18.962% / 0.225%
Category 2 - Dental Plans	21.792% / 1.723%
Category 3 - Prescription Drug Benefits Plan	87.477% / 0.401%
Category 4 - Flexible Spending Accounts:	14.534% / 1.772%

**Requesting Agency Remarks:** The Maryland State Employees and Retirees Benefits Program is responsible for administering health care and other related benefits programs for State employees and retirees, satellite agencies, Consolidated Omnibus Budget Reconciliation Act (COBRA) continuation of coverage participants, and contractual employees. Included are plans for Medical, Dental, Prescription Drugs, and Flexible Spending Accounts. Standardized deductible and copay arrangements are in effect for these plans.

The Department's procurement priority remains the timely completion of legislatively mandated contract awards to fulfill the requirements of Maryland Code, State Personnel and Pensions, §2-502.2. All available Department resources are committed to that effort, which has necessitated this modification to extend our current contract.

This contract provides for audit services of the State's Employee and Retiree Health Benefits Program from a clinical, administrative, and operational perspective. Audits are performed in each of the four program Service Categories. Each Third-Party Administrator (TPA) is subject to one yearly audit.



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**28-S-MOD. SERVICES MODIFICATION (cont'd)**

***Agency Remarks (cont'd):***

The purpose of the audit is to:

- Ensure that the State receives the benefit of the contractual pricing arrangements with all TPA contractors;
- Ensure TPA contractor accountability for compliance with contractual requirements, including performance guarantees;
- Verify appropriate administrative procedures and control measures are in place;
- Confirm the accuracy of benefit payments to providers;
- Improve the quality of service through the review of clinical processes; and,
- Ensure that State funds in connection with the program are allocated correctly.

The MBE participation established by each Service Category were based upon the limited subcontracting opportunities available. The Department continues to work with the contractors to make a good-faith effort to meet the MBE participation and VSBE participation. Corrective action plans were developed to ensure the contractors continue to work with their respective subcontractors and add resources as necessary.

***Fund Source:*** 100% Reimbursable (DBM Non-Budgeted Funds)

***Approp. Code:*** F10A0404

***Resident Business:*** Yes

**BOARD OF PUBLIC WORKS ACTION**

**THIS ITEM WAS:**

**APPROVED**

**DISAPPROVED**

**DEFERRED**

**WITHDRAWN**

**WITH DISCUSSION**

**WITHOUT DISCUSSION**