

NWF Health Network Policy & Procedure

Series:	700: Provider Network & Licensing	
Policy Name:	Service Provider Subcontracting	
Policy Number:	718	
Origination Date:	5/22/2016	Revised: Board Meeting of 4/27/2023
Regulation:	287.057, F.S. 409.1671, F.S. 2 C.F.R. 200 6A-1.012, F.A.C.	
Related Policies:	NWFHN OP 700-712, Contracting NWFHN OP 1300-1322, Procurement of Goods and Services (Non-Service Provider Subcontracts and Non-Network Provider Subcontracts) NWFHN OP 1300-1325, Conflict of Interest NWFHN OP 1300-1326, Signature Authority NWFHN OP 1300-1343, Minority Business Development Plan	

Policy

It is the policy of NWF Health Network (NWFHN), to coordinate a network of agencies and individual providers designed to meet the needs of children and their families and provide a comprehensive range of services that strengthen and stabilize families, maintain children in their communities, and lead to permanency.

Procedure

A. Definitions.

1. **Service Provider Subcontracts.** These are formal written agreements executed by NWFHN with subrecipients, called Service Providers, who are paid for the provision of services. Subcontracts include specific performance measures and Service providers have programmatic responsibility defined as such by NWFHN and/or federal/state funding sources.
2. **Network Provider Agreements.** These are written agreements with vendors for professional services provided to children and families within the NWFHN network. Providers are paid by NWFHN from Purchase of Service funds or other applicable funding sources. These Network Providers are not subject to NWFHN's contracting processes, but may be subject to monitoring processes. See *NWFHN OP 700-709, Provider Recruitment and Network Development*.
3. **Contract.** A written agreement between NWFHN and a vendor/provider/contractor for the doing or not doing of something specified which is enforceable by law.
4. **Cost Analysis.** The process of examining each element of the estimated or actual cost of a contract performance to determine the probably cost to the vendor.
5. **Micro Purchase.** Ten Thousand Dollars (\$10,000) and below. No detailed procedural requirements.
6. **Small Purchase.** Any purchase greater than the Micro Purchase threshold and up to Two Hundred Fifty Thousand Dollars (\$250,000.00). This is an informal method and price quotes from "an adequate number of qualified sources." Usually two (2) will be an adequate number.

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7. **Competitive Procurement.** Above Two Hundred Fifty Thousand Dollars (\$250,000.00). NWFHN must utilize a formal competition and the request must publicize the proposals and evaluation factors, unless a non-competitive procurement method is appropriate and criteria is met.
8. **Noncompetitive Procurement.** Also known as single (sole) source procurement, this may be appropriate only when specific criteria are met. Examples include when an item is available only from one source, when a public emergency does not allow for the time of the competitive proposal process, when the federal awarding agency authorizes, or after a number of attempts at a competitive process, the competition is deemed inadequate.
9. **Exempt Services.** Services contracts/types exempted from competitive procurement under subsection 287.057(3)(e), F.S.
10. **Contract/Price Analysis.** The process of deciding the asking price for a good or service is fair and reasonable, without using the specific cost and profit calculations of the provider used in arriving at the price.
11. **Service Provider.** Subrecipients who are paid for the provision of services for children, adults, families, and specific mental health or substance abuse services that meet a specific objective identified for a client being served.
12. **Network Provider.** Vendors who are paid for the provision of professional services for children, adults, families, and specific mental health or substance services that meet a specific objective identified for a client being served. See *NWFHN OP 700-709, Provider Recruitment and Network Development*.
13. **Service.** The performance of any duties or work for another; helpful or professional activity.
14. **Vendor.** A dealer, distributor, merchant or other seller providing goods or services that are required for the conduct of a Federal or State program. These goods or services may be for an Organization's own use or for the use of the beneficiaries of the Federal or State program.
15. **Subrecipient.** A non-Federal or non-State entity that receives a sub-award from a pass-through entity to carry out part of a Federal program or State project; but does not include an individual that is a beneficiary of such program.
16. **Cost/Price Analysis.** The process of examining each element of the estimated or actual cost of a contract performance to determine the probably cost to NWFHN.

B. General Considerations for All Procurements.

1. Contracts shall be made only with responsible subrecipients/vendors who possess the potential ability to perform successfully under the terms and conditions of the proposed procurement. Consideration shall be given to such matters as subrecipient/vendor integrity, record of past performance, financial and technical resources or accessibility to other necessary resources essential to deliver the service(s) or product(s) being procured. NWFHN reserves the right to make this determination based on its staff's expertise, system of care requirements, etc.
2. All subrecipients are required to verify the employment eligibility of all current and prospective employees through the E-verify system. E-Verify is a federal program administered by the Department of Homeland Security and the Social Security Administration which allows employers to electronically check the identity and work eligibility of hired employees.
3. NWFHN will maximize the use of state residents, state products, and other Florida-based businesses in fulfilling its mission.

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4. See *NWFHN OP 1300-1325, Conflict of Interest* for detailed information NWFHN's Conflict of Interest policy.
5. NWFHN will take all necessary steps to assure that minority firms, women's business enterprises and labor surplus area firms are used when possible. See *NWFHN OP 1300-1343, Minority Business Development Plan* for detailed information on NWFHN's Minority Business Development Plan policy.
6. See *NWFHN OP 1300-1322, Procurement of Goods and Services (Non-Service Provider Subcontracts and Non-Network Provider Subcontracts)* for procurement of service provider/network provider services.

C. Vendor/Subrecipient Determination. A determination will have to be made if goods or services are provided by a "vendor" or "subrecipient". This determination will be documented on a subrecipient and vendor determination form.

D. Procurement Documentation.

1. NWFHN will maintain a procurement file describing the actions taken and decisions made during "all" procurement processes. At a minimum, the files should contain the following documentation:
 - a. Basis for contractor selection;
 - b. Justification for lack of competition when competitive bids or offers are not obtained;
 - c. Basis for award cost or price;
 - d. Subrecipient and Vendor Determination;
 - e. If an individual, a determination memo of either an employee or independent contractor status; and
 - f. If an independent contractor, a completed W-9 form.
2. It is further recommended that the following items be included in the procurement file when available:
 - a. Documentation of all individuals involved in the process (writing solicitation, evaluating and awarding).
 - b. Copy of the solicitation document.
 - c. Documentation of all posting activities.
 - d. Record of all correspondence including letters of intent, official questions and answers, and/or minutes of solicitation conference.
 - e. Copies of bids/proposals/offers.
 - f. Record of the evaluation/scoring.
 - g. Copy of the notification of award.
 - h. Basis for the contract price (cost/price analysis).

E. Procurement/Application Procedure for Service Provider Subcontracts.

1. **Procurement of Residential Group Care Service Provider Subcontracts.** Procurement of residential group care program services will follow an open application process. Information about applying to become a Service Provider is available on NWFHN's website. Prior to licensing process with Department of Children and Families, NWFHN must determine if there is a need for the particular service type and location of Residential Group Care Service. Once the need

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determination is established, NWFHN will provide potential subcontractor a Statement of Need to begin the licensing process. Persons or organizations interested in opening a residential group care program must complete a prequalification process assure compliance with applicable laws, and successful completion of the process will make the Provider eligible for contracting for residential services with NWFHN. Ultimately the decision to contract for residential group care program services is dependent both upon the need for such service and funding availability.

2. **Procurement of All Other Service Provider Contracts.**

- a. NWFHN will procure all existing services subcontracts on a cycle to coincide with NWFHN's response to the Department of Children and Families ITN (including contract renewals terms). Therefore, subcontracted services will be procured a minimum of once every five (5) years, if performance has not been satisfactorily met. (See Procurement Schedule, Attachment I). Subcontracts will be procured on a staggered schedule in order to minimize disruption to client services.
- b. All new service subcontracts will be competitively procured for services in excess of the simplified acquisition threshold of Two Hundred Fifty Thousand Dollars (\$250,000.00), unless a noncompetitive procurement method is appropriate. For every purchase in excess of the simplified acquisition threshold, NWFHN will conduct a cost or price analysis. In addition, prior to contracting for any new services, NWFHN will initiate and/or review information available that identifies areas needed in the service delivery system, evaluate in-house capabilities, cost reasonability, and nature and scope of services to be outsourced. Findings may identify the following:
 - i. Services that are in short supply needing to be increased;
 - ii. Services that need to be created;
 - iii. Services that are under-utilized or inappropriate;
 - iv. Whether or not adequate funding is available for new service(s);
- c. NWFHN will determine the need for additional services or revisions to the current service delivery system based on such assessment.

3. NWFHN will utilize an Invitation to Negotiate (ITN) or Request for Proposals (RFP) solicitation process for Service Providers.

- a. The ITN and/or RFP will be solicited from an adequate number of known service providers, but no less than two (2), as determined by NWFHN and will be advertised at a minimum on the NWFHN website and will identify scope of services, scope of services, clients to be served, and the payment structure as well as evaluation factors and their relative importance.
- b. A solicitation conference may be held to review the interested prospective providers so that areas of ambiguity may be clarified.
- c. A review panel will be selected by the Executive Management Team for each solicitation process to evaluate, score and select proposals that NWFHN shall consider for contract award. The review panel may include outside reviewers.
- d. Evaluation of responses will be supported by a written method of the technical evaluation process.
- e. Awards will be based on the Organization that will be most advantageous to the program, with price and other factors considered.
- f. Under the ITN, NWFHN reserves the right to negotiate with prospective vendors.

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- g. NWFHN reserves the right to make final determination of contract awards and procurements. The appeal process will be defined in the procurement document. An appeal against denial of a contract will be considered if:
 - i. The service provider is able to clearly demonstrate appropriate qualifications.
 - ii. The service provider can clearly demonstrate an error in the contract consideration process.
 - iii. If a service provider believes they have been unfairly or improperly treated in the appeals process, the service provider has a right to grieve with the Chief Executive Officer (CEO).
 - iv. There is no appeal process if grounds for not contracting with a service provider are based on budget constraints. In all instances, information regarding protests/appeals will be disclosed to the agency receiving the award.
 - h. All information regarding the procurement of a Service Provider Subcontract will be maintained in a procurement file for a minimum of seven (7) years following the date of the contract or pursuant to applicable law.
4. **Non-competitive Purchases of Services from Service Providers.**
- a. Goods or services are only available from a single (sole) source.
 - i. If cost exceeds Two Hundred Fifty Thousand Dollars (\$250,000.00), NWFHN will first engage in a cost/price analysis.
 - b. The purchase is for an emergency which would not permit a delay resulting from competitive solicitation.
 - i. Given the nature of the industry that NWFHN operates in and the need to swiftly initiate services for clients, emergency purchases may be authorized for the procurement of services without competition. This shall be necessitated by an immediate danger or imminent need to ensure safety or welfare of clients served.
 - ii. Authority to approve emergency procurements for NWFHN is only the CEO, or designee.
 - c. The Federal awarding agency or State or pass-through entity expressly authorizes noncompetitive proposals in response to a written request; or
 - d. After solicitation of a number of sources competition is deemed inadequate by NWFHN.
5. **Exempt Services.**
- a. NWFHN follows subsection 287.057(3)(e), F.S., for the procurement of Exempt Services, unless directed otherwise the State of Florida Department of Children and Families.