

Summary of Key Contracting Recommendations for the Health and Human Services Agencies Adopted by the Sunset Advisory Commission

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Background

During the 2014–2015 review cycle, the Sunset Advisory Commission evaluated the five agencies making up Texas’ health and human services system: the Health and Human Services Commission (HHSC), the Department of Aging and Disability Services (DADS), the Department of State Health Services (DSHS), the Department of Family and Protective Services (DFPS), and the Department of Assistive and Rehabilitative Services (DARS). Sunset first evaluated the many programs operated by DADS, DSHS, DFPS, and DARS, followed by a look at how well HHSC and the structure of the system overall is functioning. Staff reports and Sunset hearings regarding these agencies occurred from May to December 2014.

Overall, Sunset found that the current organization of Texas’ health and human services system blurs accountability, prevents effective governance and oversight, and aggravates fragmentation of services. The Sunset Commission recommended a consolidation of the system under a single, reorganized agency structure, with goals to clarify lines of authority, reduce the silo mentality persisting within the five–agency structure, and to improve the administrative approach to managing so many diverse yet related programs within a single system.

A key goal of the reorganization effort is to improve administrative support services such as contracting. The recommendations listed below reflect Sunset’s concerns regarding oversight and management of the systems’ significant contracting responsibilities. The five agencies spent a combined \$34.5 billion in fiscal year 2013, \$24.1 billion of that amount through more than 33,800 contracts.

The Sunset Commission adopted recommendations on DADS, DSHS, DFPS, and DARS before considering and ultimately recommending the overall system reorganization. Therefore, recommendations related to those agencies reflect the current organizational arrangement of five separate agencies. However, all of these recommendations still apply in concept and can be adapted to the newly proposed organizational structure.

Management recommendations, as referenced below, are directives to agency management from the Sunset Commission according to [Section 325.012, Texas Government Code](#) that can be implemented immediately without the need for statutory change. Statutory recommendations must be adopted by the full legislature as part of the agency’s Sunset legislation to take effect.

Health and Human Services Commission and System Issues **[\(Full Report\)](#)**

Rec 1.2 As part of the recommendation to consolidate the five health and human services agencies, direct the executive commissioner to report to the transition legislative oversight committee how the reorganized structure emphasizes information technology and contracting so that these functions receive ongoing high-level attention to help ensure their proper performance.

Rec 2.3 As a management recommendation, require HHSC to take the following actions to better define and strengthen its role in both procurement and contract monitoring.

- Clarify and standardize HHSC's role over enrollment contracts.
- Complete, maintain, and update the statutorily required contract management handbook, risk analysis procedure, and central contract management database.
- Strengthen monitoring of contracts at HHSC. HHSC should develop policies to accomplish the following:
 - require the executive commissioner's signature on large or complex contracts managed by any of the HHS system agencies, or develop other clear processes for high-level oversight of such contracts, if the burden on the executive commissioner becomes too great;
 - require development of a formal policy defining an ongoing reporting structure that shows for large contracts any corrective action plans, their status, and any liquidated damages assessed and collected; and
 - define a means of escalating attention on large and problematic contracts to HHSC's central procurement and contract office, and ultimately, the executive commissioner.

Rec 2.4 As a management recommendation, direct HHSC's procurement and contract office to improve assistance to and communications with system agencies as follows.

- Strengthen technical assistance to system agencies.
- Designate points of contact within HHSC and each HHS system agency.
- Take a more active role in training.

Rec 2.5 As a management recommendation, direct HHSC to develop ways to apply focused, high-level attention to system contracting. Whatever the mechanism, characteristics of a focused approach to improving contract management should include, among others:

- leadership of HHSC management, including the clear involvement of the executive commissioner;
- involvement of all major contract owners throughout the system;
- awareness that one size does not fit all when developing contracting processes;
- emphasis on ways to provide focused technical assistance and training to contract managers;
- consideration of ways to structure contracting to help ensure close coordination with the contracted entity while still maintaining objectivity when assessing contractor compliance;
- emphasis on measuring outcomes of contracts through appropriate performance measures; and
- structured ways to implement best practices gleaned from outside sources and lessons learned from the rich store of contracting experiences found in the HHS system.

Department of Aging and Disability Services **[\(Full Report\)](#)**

- Rec 5.1** As a management recommendation, direct DADS to strengthen and consolidate contract management under a new Contract Management Division.
- Rec 5.2** As a management recommendation, direct the Contract Management Division to review and approve contract planning during the early stages of procurement.
- Rec 5.3** As a management recommendation, direct the Contract Management Division to develop policies for risk-based monitoring of contracts.

Department of State Health Services **[\(Full Report\)](#)**

- Rec 2.3** As a statutory recommendation, require HHSC to conduct a strategic review and overhaul of how DSHS contracts for and measures performance regarding behavioral health services, including mental health and substance abuse.

Department of Family and Protective Services **[\(Full Report\)](#)**

These statutory recommendations relate to foster care redesign, a contracting function.

- Rec 3.1** Require DFPS to develop and maintain a long-range foster care redesign implementation plan to guide the agency's transition efforts.
- Rec 3.2** DFPS should thoroughly evaluate system data and cost before pursuing broad implementation of foster care redesign.
- Rec 3.3** DFPS should develop a consistent approach to measuring and monitoring provider quality and identifying risk indicators in both the legacy and redesigned systems.

Department of Assistive and Rehabilitative Services **[\(Full Report\)](#)**

No recommendations directly related to improving contracting processes at DARS.