

Medicaid Best Practices Review GOV12019



West Virginia Governor's Office



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Submitted By:

PUBLIC WORKS LLC

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WEST VIRGINIA MEDICAID BEST PRACTICES REVIEW GOV12019

1. VENDOR EXPERIENCE

Public Works was founded in 1995 to provide high-level policy consulting to state and local governments across the country. Our staff has always consisted primarily of former state and city officials ranging from gubernatorial chiefs-of-staff to agency heads to policy directors. We have served as on-going “outside policy” advisors to a half-dozen governor’s offices around the country and worked with state and city agencies in a majority of states.

For the past decade, **Public Works** has provided a range of budget consulting services to state and local governments, as well. Our performance/efficiency reviews have helped governments in a dozen states – including our comprehensive reviews of four entire state governments (including West Virginia) – to realize hundreds of millions of dollars in on-going savings. With the onset of the recession and the current budget challenges facing most states and localities, we have broadened our services to assist chief executives with a full range of budget consulting services, including assisting with development of comprehensive balanced budget plans, analysis of pension and revenue options, creative improvements in budgeting process, and long-term restructuring of costly “human service” agencies including Medicaid, long-term care, children’s services, health care, corrections, Mental Health/Mental Retardation, and K-12 education.

In the area of Medicaid, specifically, we have conducted operational reviews of Medicaid agencies, developed recommendations to achieve efficiencies in delivery of services, advised on current and emerging policy issues and helped states find ways to reduce costs without major reductions in services.

As an adjunct to these substantive focuses, **Public Works** has long provided management consulting assistance to a range of governments, including that of West Virginia. We have coordinated cross-agency efforts to develop and implement policies (including in West Virginia for health care policy), developed outcome measures and connected these to policy goals and budgeting, helped to redesign agency structures and consolidate services, and have made actual implementation of our efficiency recommendations an essential part of all our performance reviews.

In sum, no other firm can match **Public Works’** combined experience in conducting Medicaid reviews and advising top state government officials, and knowledge of West Virginia state government.

1.1. Experience Conducting Efficiency and Productivity Reviews

Public Works LLC is one of the leading firms specializing in improving state government management, policy, and efficiency, including strategic planning with state agencies and the executive branch at the highest levels. We provide states with professionals experienced in performance auditing, organizational development, management consulting, policy analysis, and revenue maximization.

We understand how government works. In our experience, an efficiency/performance review and identification of operational efficiencies requires not only an analysis of data, but also an understanding of the legislative, regulatory, and historical context of programs and operations. Crafting recommendations requires an understanding of best practices and benchmarking and developing realistic fiscal assumptions and timeframes in the context of the political atmosphere and government operations of a particular state. Our approach to the numerous performance reviews conducted thus far by our firm builds on these assumptions.

A. Statewide Efficiency/Performance Reviews Including Medicaid and Related Operations

Each of our four statewide efficiency reviews described below focused on Medicaid and related health care policy and operations. Our efficiency work in West Virginia and other states: identified improved operations to reduce duplications and redundancies, improve efficiency, implement cost-savings recommendations, and develop public policy to advise governors and other state leaders on Medicaid and other health, senior, and human service programs. Our techniques in each of these engagements required us to: analyze organizational structures, identify efficiencies and more effective operations, benchmark program operations and outcomes, and develop findings and recommendations to improve government programs and operations, including specifically in state Medicaid and related programs.

Iowa Statewide Performance Review

Public Works completed an efficiency review across all major departments in Iowa state government and worked with the Governor's Office and Department of Management (DOM) on the implementation of 40 recommendations, totaling over \$128 million in savings/new non-tax revenue, that are being implemented by Executive Order of the Governor. We also worked closely with DOM and the Governor's Office as many of the 45 recommendations, totaling an additional \$207 million in savings/new non-tax revenue needed legislative action.

As in all of our efficiency reviews, we looked at individual departments or operations – including public safety, transportation, real estate/land management, health and human services, debt collection, and corrections. We also reviewed key cross-cutting functional

areas – such as Information Technology, fleet management, purchasing, warehousing, and human resources. The review incorporated all of the steps outlined in our Performance Review model. We:

- Collected and analyzed reports and data provided by the departments.
- Conducted interviews with key managers and held small group meetings with staff.
- Researched best practices and professional standards.
- Developed findings and recommendations that were vetted through our “tollgate” meeting schedule that provided an opportunity for leadership to review recommendations and ensure sufficient justification was in place to substantiate each recommendation.
- Drafted a final report that provided sufficient time and input from the Governor’s Office to ensure the report met expectations.
- Developed implementation plans and worked with departments over the following year to implement recommendations.

The Medicaid- and health-related recommendations included:

- **Increasing disease management programs:** We provided Iowa with substantial research on the benefits of disease management, especially for juvenile asthma, and identified ways that they could save money by increasing the use of such programs in Medicaid.
- **Improving the integration of SCHIP and Medicaid services for children:** Iowa was operating Medicaid and SCHIP as separate programs, increasing administrative costs because of having to maintain independent management and administrative functions.
- **Consolidating administrative functions at the state’s health facilities:** Back office functions such as billing, procurement, federal reporting, and other administrative functions were being handled separately at each institution. We developed a financial analysis that clearly showed the savings that could be achieved by consolidating many of these functions.
- **Increasing use of telemedicine:** Our research discovered that the Iowa prison system had telemedicine programs in the past but they had been discontinued for reasons unknown. We developed plans for reinstating such programs, saving corrections hundreds of thousands of dollars in prisoner transport and health care costs.
- **Expanding the preferred drug list:** We compared Iowa’s preferred drug list to other states best practices and were able to substantiate recommendations for expanding this list in Iowa.
- **Improving IT support for fraud detection:** Iowa’s identification and pursuit of Medicaid fraud was distributed among several agencies. We identified ways that improved information technology solutions could improve these functions.

- **Contracting for better prices on durable medical equipment:** Iowa had a longstanding history of allowing special pricing mechanisms for durable medical equipment that was requiring the Medicaid program to pay more for this equipment than if competitive contracts were issued. We developed a plan for how this change could be implemented without major disruption to the program.
- **Increasing audits of health providers who were identified as high risk for fraud:** We identified that Medicaid was treating all providers, those who had no history of potential fraud and those who had been cited numerous times, in the same manner. By differentiating “bad actors” we were able to increase monitoring of providers who were high risk.

The final report released by the Governor on December 8, 2009 received tremendous positive press for the Governor, and most importantly, identified almost \$341 million in savings/new non-tax revenue to help fill the revenue gap in the state budget. The recommendations allowed for a strategic, sensible way to reduce costs or bring in additional funds to avoid the inevitable havoc that across-the-board cuts can have on services to the public.

Colorado Statewide Performance Review

Public Works conducted a statewide Performance Review in Colorado – involving 23 departments. The review followed the basic steps outlined in our model, producing nearly 100 recommendations and generating \$205 million in savings or new non-tax revenues over five years. The Colorado review required close attention to state law (TABOR) that imposed unique restrictions on state spending and involved rigorous financial vetting through both the department affected and the Governor’s Budget Office. Recommendations included many common-sense changes that yielded small savings which, added together, equal significant savings to the State. Others involved reviews of federal draw-downs such as for Medicaid and fee structures that highlighted the opportunity for the State to increase revenue. Still others were major savings to the State such as revamping the procurement system (\$12.4m), increasing energy efficiency in State buildings (\$19.7m) and increasing Department of Revenue audits (\$36.9m).

The Governor appointed a twenty-member Government Efficiency and Management (GEM) team consisting of representatives from every department in state government to guide the process. The result was a highly interactive process that eventually involved hundreds of state workers. Recommendations were extensively vetted by the Office of State Planning and Budgeting to guarantee the operational implications were fully understood and considered.

The Medicaid- and health-related recommendations included such actions as:

- **Expanding 340B pharmacy purchasing opportunities:** Colorado had numerous sites that were eligible to apply for 340B pharmacy privileges but were not. We were able to identify significant savings if these sites became eligible.

- **Strengthening oversight of Medicaid providers:** Colorado's system for enrolling and renewing applications for Medicaid providers was very open-ended and did not scrutinize applications for those identified providers who had been convicted of fraud. We recommended additional oversight of these applications to eliminate providers who were known to be fraudulent.
- **Consolidating Department of Human Services' food purchasing operations:** By consolidating food purchasing that was being handled by each institution, the department was able to reduce administrative costs and improve pricing because of bulk purchasing.
- **Improving management of laundry services for state health care institutions:** Like food purchasing, laundry services were being managed at each site. Consolidating the contracting for these services allowed for better pricing and streamlined administrative costs.
- **Increasing the number of drugs on the preferred drug list:** We researched best practices in other states and were able to show Colorado Medicaid where they could increase drugs on the preferred list and save money.
- **Improving the leveraging of funds to draw down additional federal reimbursements:** Our revenue maximization team was able to identify additional federal revenue that was not being claimed by Colorado.

West Virginia Statewide Performance Review

Public Works completed two phases of the West Virginia Performance Review, having reviewed agencies and functions in seven areas: Transportation, Health and Human Resources, Motor Vehicles, Purchasing, Corrections, Alcohol and Beverage Commission, and special cross-cutting issues. Over 100 recommendations for reorganization, cost-savings, new non-tax revenues and improved customer services were accepted by the Governor. Some of the recommended changes were incorporated in the state's operating budget first enacted after the review was complete. Others are being implemented by the departments. Total savings and new revenues are expected to total over \$300 million over a five-year period.

While we led state employees through the performance review process, the Manchin Administration added its own twist to the performance review to ensure accountability and implementation: the Governor and his agency heads signed contracts requiring implementation of the report's recommendations so that savings are built into the budgets of those agencies in the coming years.

While these may or may not be issues for West Virginia Medicaid today, at the time of our review, examples of savings related to the Medicaid and health services included:

- **Requiring prior authorization for Medicaid home health services, chiropractic services, referrals to medical specialists, and outpatient**

surgery: Based on best practices from other states, we identified areas that West Virginia could increase its use of prior authorizations to save money.

- **Cracking down on Medicaid billing fraud, such as double-billing or billing for "phantom patients":** We identified ways that Medicaid could increase fraud identification, as well as fraud recoveries.
- **Centralizing billing for all state-operated hospitals:** We recommended ways to save money by centralizing billing functions that were being handled by each institution separately.
- **Improving medical transportation operations:** The demand and costs for Medicaid transportation services had grown dramatically. At the time, there were no plans in place to curb costs and tighten management of the program. We recommended ways that the state could better manage the program and reduce costs.
- **Strengthening provider enrollment requirements:** Recommendations were made to require providers undergo criminal background checks to identify those who had been convicted of fraud in the past. We also recommended better sharing of information among all health care agencies in the state to cross-reference approved medical providers.
- **Maximizing federal claiming:** Several recommendations identified ways to increase federal claiming, including claiming for eligible state prisoners who incur costs for overnight hospital stays.

New Mexico Statewide Performance Review

Public Works conducted a six-month performance review of the New Mexico state government operations, involving interactions with nearly every agency in the State. Through a carefully coordinated team of state employees and our consultants, Phase I of the review generated 92 specific suggestions for saving taxpayers \$379 million over a five-year period – \$74 million of that during the first budget period alone – by increasing the efficiency and effectiveness of state government. The second phase generated additional recommendations that brought total projected annual savings to approximately \$100 million – about 2.5 percent of the non-education general fund budget.

The Governor assembled a team of 22 veteran employees representing each department in the Executive Branch and challenged them to work with us to question the basic assumptions underlying every state program and to help develop innovative ideas for how to improve. As noted by the Governor: "This has not been a slash-and-burn operation. The fat in state government isn't just sitting on the surface, waiting for someone to come along and skim it off in a single stroke. It's marbled down through the structure of the state bureaucracy, hidden away in inefficient programs or ineffective

practices where it has been allowed to grow due to inattention or inertia -- to get at it requires surgical precision."

Examples of recommendations related to Medicaid- and health-services included:

- **Maximizing third-party recoveries:** Compared to states of similar size, New Mexico was not claiming maximum benefit from third-party insurers. We were able to identify ways that this claiming could be increased, thus saving millions of dollars in Medicaid spending.
- **Coordinating pharmacy purchasing:** New Mexico was losing millions of dollars because of the lack of coordination for purchasing among all health care agencies. We identified ways to consolidate purchasing and save through increased bulk purchasing.
- **Implementing improved fraud detection techniques:** New Mexico did not have Qui Tam legislation that would, not only increase the likelihood of whistleblowers coming forward, but also allow the state to enhance federal claiming. We provided model language from the Center for Medicare and Medicaid and other states to help draft legislation.
- **Consolidating children's health services:** New Mexico had separate administrative structures for several children's health services, including Medicaid. We provided a fiscal analysis that identified ways to save money by better coordinating these operations.

B. Efficiency Reviews of Individual Departments/Programs

Arkansas Department of Health (ADH)

The Arkansas legislature retained **Public Works** to conduct a performance review of the Arkansas Department of Health (ADH), after the ADH Director announced that a decline in revenue forced him to cut \$5.3 million from the agency's budget, lay off 38 employees and eliminate 69 vacant positions. **Public Works** offered a new organizational structure that condensed the department's seven existing divisions into three to make clear the lines of accountability and to streamline decision-making. **Public Works** developed an in-depth implementation plan based upon our review of ADH operations and an identification of national best practices. The work resulted in bi-partisan political support and agency ownership of the report.

County Rural Health Operations Review

Team members conducted a review of a health clinic in rural Texas to clarify business processes and funding challenges. They reviewed financial documents and interviewed staff and community stakeholders, including health care providers, health care administrators, legislators, and community leaders. They forecasted future revenue and



expenditures based on several scenarios. The final report advised the staff and board on the options available for future operations and the benefits and challenges of the various options.

Business Process Review of Medicaid Transportation Program

Team members participated in a business process review of the Medicaid transportation program in Texas. The purpose of the review was to improve customer access to services and to improve operating efficiency. The project required the mapping of organizational structures and business processes and extensive interviews of stakeholders, including transportation providers and program staff, developing benchmarking, best practices, and performance measures. They analyzed the gap between current and future business processes and made recommendations to close the gap.

Review of Funding and Service Gaps

Team members were engaged to collect and analyze data on current health care services, funding, and gaps in a five-county region in Central Texas for a regional health care task force formed to address health care issues and provide recommendations to elected officials. A number of datasets, including Texas Department of State Health Services data, private hospital inpatient service data, as well as hospital emergency department data collected from area hospitals, were analyzed in the report. The final data report is a comprehensive source of information about the health status of the population and the health care delivery systems in the five-county area.

West Virginia Department of Education Performance Review

In May 2011, the West Virginia Governor's Office retained **Public Works** to conduct a state-level management and operations review of the Department of Education, as well as a sample of local districts and regional service areas. West Virginia Department of Education is unique compared to other states – it is not organizationally structured in the Executive or Legislative Branches of government; it is often referred to in West Virginia as the fourth arm of government. As a constitutionally separate entity in government, the department reports only to a State Board. The system is detailed to the extreme in statutory language that results in an education system that has little flexibility to modify policy and operations without changes to Code.

The challenges of conducting an organizational review, requested by the governor, but for a department that does not report to him, presented unique challenges. We were still able to look across the board at administrative/overhead and management operations to determine how services are provided, and most especially, to look for ways that these functions can be accomplished more efficiently and effectively.

This review included an emphasis on the full range of personnel issues such as recruitment, hiring, evaluation, and compensation to determine if the education system is or is not in line with other state departments. We looked at services provided directly by the department, as well as contracts and out-sourced services.

Some of the recommendations related to the overall size and structure of the department itself included:

- **Rethink the organization of the WVDE to organize around major goals or functions, not funding sources.** A strategic planning effort should be launched that includes key stakeholders outside of the department in order to ensure adequate input from “customers” throughout the system – school districts, RESAs, and advocates.
- **Increase span of control to not less than 1:10 ratios of supervisors to subordinates, thus reducing the number of offices within the department.** WVDE is most out of step in the area of management positions compared to its neighboring states. Reducing the number of offices and managers will have the added benefit of consolidating functions and reducing the “silos” that result in overlap and duplication of effort. In addition, a rethinking of titles, positions, job descriptions and responsibilities will require a comprehensive effort to lay a foundation for change.
- **Reduce the number of positions in the department.** The number of staff overseeing the K-12 system in general (besides management and supervisors noted above) is well above comparisons to surrounding states. WVDE has ratios of staff to number of students and number of schools that is significantly lower than surrounding states.
- **Consider expanding WVDE’s working with the RESAs as a vehicle for improved assistance to school districts.** The department is not taking full advantage of the resources available and can contract with RESAs for core services at a regional level.
- **Implement additional cross-department initiatives to reduce duplication of effort and ensure funds are used as efficiently as possible.**

The final report which also contains recommendations on the full range of personnel issues can be found on our web site.

New Mexico Public Education Department Performance Review

Public Works conducted an organizational review for the New Mexico Department of Public Education to identify how well stakeholder needs were being met in relation to how federally-driven assessment and accountability tools and services were being delivered. The purpose of the review was to focus on the goal of customer services as a

means for improving internal operations. The agency faced a history of increased demands on operations without the necessary increases in resources. We provided practical recommendations for the department on ways it could improve customer services, and thereby respond to stakeholder needs more effectively. The project included surveys of hundreds of New Mexico teachers and school administrators on the workings of various state government education-related functions. The final report was well received by the Secretary of Education and her leadership team.

The California Student Aid Commission (CSAC)

CSAC was directed by the California legislature to conduct a performance review of CSAC's auxiliary institution, EDFUND, which is responsible for student financial aid processing for institutions in California and other states. Working under severe time constraints and difficult cooperation issues between the two entities, CSAC and EDFUND, **Public Works** completed a performance review that recommended tightening EDFUND's budgeting and performance compensation practices as well as closer oversight by the Commission of EDFUND operations; this resulted in the Commission's decision to restructure the EDFUND board of directors and implement the fiscal reforms we recommended.

New Orleans Recovery School District (RSD) Performance Review

Almost two years after Hurricane Katrina, the New Orleans School District remained divided between the original Orleans Parish School Board (OPSB operating just a few schools) and the state appointed Recovery School District (RSD running the majority of schools). The state hired **Public Works** to review administrative/overhead services being provided by each district, to determine the cost and benefits of one or the other district delivering each service, and to determine the cost (and waste of tax dollars) of continuing with the duplication in the system that existed at the time. **Public Works** conducted a thirty-day preliminary review of nine RSD and OPSB functional areas – Procurement, Transportation, Safety and Security, Food Services, Facilities, Information Technology, Human Resources, Academics (Curriculum and Instruction) and Athletics. We produced 53 recommendations across the nine operational areas for aggregate savings in the range of \$2 million to over \$10 million and aggregate revenue improvements in the range of \$200,000 to \$1.8 million.

The findings required a cost analysis of services provided in the nine functional areas, as well as investigation of the means of delivery of the service – provided in-house, through contracts with private vendors, purchased on an ad hoc basis or as a package of services for all schools to use. Recommendations identified which district should provide the service, the cost of services and means by which they should be provided.

C. Revenue Maximization

We have identified millions of dollars of additional federal Medicaid funding available to states through our fiscal reviews that are part of our Performance Review model.

Examples include:

- **Increased Medicaid Fraud Recoveries:** In New Mexico, West Virginia and Colorado, we identified ways to improve Medicaid fraud initiatives that would yield over five years: \$47.5 million in Colorado, \$23.8 million in West Virginia and \$10.5 million in New Mexico.
- **Leverage pharmaceutical purchasing through 340B programs to increase Medicaid funding.** By expanding the number of sites eligible for 340B pharmaceutical purchasing, we found in Colorado that the state would be able to draw down \$5.6 million in Medicaid federal funds; New Mexico \$2.7 million.
- **Increase in eligibility for family planning services.** We identified in Colorado that an increase in eligibility to 150 percent FPL for family planning services would draw an additional \$36 million over five years in federal Medicaid funding.

In addition, team members have provided Medicaid billing services to more than 1,200 School Districts in 12 States (Collectively, those School Districts have more than 500,000 Special Education students). Some examples include:

Illinois Department of Public Aid

For this project, team members helped the Illinois Department of Public Aid (DPA) recover Title XIX/Medicaid payments that were made in error – and to reduce future payments to recipients who were not actually eligible for the Title XIX/Medicaid, Title IV-A/AFDC and/or Food Stamp programs. Over the course of this project, the combined value of recoveries and cost avoidances achieved for DPA exceeded \$25 million.

Indiana Family and Social Services Administration

Team members helped maximize Title IV-E funding in FSSA; the agency was receiving approximately \$3.5 million/year in Title IV-E funding. At the end of a five-year project, FSSA was successfully claiming approximately \$32.5 million a year in Title IV-E funding. Over the course of this project, the combined value of the enhancements initiated exceeded \$110 million (including some one-time, retroactive recoveries).

New York State Department of Social Services

Team members assisted NYDSS – and the 58 local social services districts administering NYSDSS programs at the County level – to maximize their Title IV-A/EAF and Title IV-E funding. After a Federal audit of New York State's Title IV-E claims for Kinship Care cases in New York City, \$67 million of Federal funds had been disallowed. SGS began by helping NYSDSS and the New York City Human Resources Administration to re-claim approximately \$7 million of those disallowed funds – which was a significant accomplishment because all of the related claims were well beyond the normal two-year retroactive claiming period. In addition, the work on those same cases also generated approximately \$2.3 million of new Title IV-A/EAF claims going forward.

Another component of this project resulted in SGS assisting New York State to submit new claims for Upstate out-of-home-care cases that had been improperly categorized as non-Federally reimbursable under the Title IV-E program and/or the Title IV-A/EAF program. This effort developed approximately \$1 million in new Title IV-E claims – and approximately \$3 million of new Title IV-A/EAF claims.

Alabama Department of Human Resources

Team members helped ADHR maximize its Title IV-E funding for administrative costs. ADHR was receiving approximately \$1.5 million/year in Title IV-E funds for administrative costs – whereas, at the end of the project, ADHR's Title IV-E claims for those types of costs were approximately \$5.6 million/year. Over the course of this project, the combined value of the enhancements initiated was approximately \$8 million (including some one-time, retroactive recoveries).

1.2. Experience Providing Public Policy Research for Elected Officials

Public Works offers public policy research and analysis to government agencies and officials, non-profits and “think tanks” across the country. We have provided policy research and development, long-term planning and management consulting to governors’ offices, state treasurers, state auditors, attorneys general, a secretary of state, and numerous state cabinet agencies, as well as many members of Congress and municipal officials.

We have extensive experience addressing program delivery and improvement at the policy level, making us uniquely qualified to perform any other duties as assigned by the Governor’s Office. We have advised governors in a half dozen states, and health and human service departments and related agencies in a half dozen others, on issues ranging from coordinating health policy among multiple state agencies, to improving Medicaid fraud detection and prevention, to improving all aspects of Medicaid program policy and design, to streamlining public health management and oversight, to designing



low-cost health insurance products, to simplifying enrollment into programs for low-income families.

Some examples of our work to advise governors and other high-ranking officials follow.

West Virginia Governor's Office and Multiple State Agencies – Coordinating Health Care Policy

During former Governor Manchin's administration, the Governor was concerned that state health agencies, including Medicaid, were not finding the time to share information about on-going work, set joint priorities, make connections between projects, and identify the gaps that needed to be addressed. The Governor and state health policy officials feared that some efforts were being duplicated or opportunities for improvement were being missed — and they knew that better coordination was critical to addressing West Virginia's health care challenges.

To help state health agencies understand the larger context in which to make important policy decisions, Governor Manchin asked **Public Works** to improve communication and coordination among the state's health care agencies to ensure that health care reforms remained on the fast track for implementation. This was especially the case in ensuring Medicaid reforms could be designed and implemented without detriment to other programs such as children's health.

Public Works conducted interviews with key health care leaders to identify initiatives and priorities within each agency, and created an inventory of ongoing initiatives so that officials could see what other agencies and stakeholder groups were working on and identify gaps and opportunities for collaboration. **Public Works** facilitated a collaborative process to develop a strategic framework to guide future health policy decisions. In addition, we helped health officials to work together to identify key targets for improved coordination. For example, at the time, the state operated multiple wellness programs out of several different agencies, but they were not necessarily working in concert. By agreeing on a common set of desired results and identifying ways to pool fragmented funding streams for these initiatives, agencies can improve the effectiveness of these programs to better prevent chronic diseases among West Virginia's residents. Heads of all state agencies involved in health issues met regularly with **Public Works** staff in a collaborative process that is allowed for better and more regular inter-agency communication and coordination — and keeping the Governor informed and on top of his entire Administration's progress on health care issues.

Although everybody can agree that coordination and planning are worthy goals, they take time — time that is scarce for government officials who are already busy implementing a variety of important programs and policies. By doing the legwork to compile information on current initiatives, suggesting strategic areas for collaboration, and facilitating the development of common goals, **Public Works** helped West Virginia's health officials ensure that implementation and planning go hand-in-hand, and accelerating progress towards achieving their ultimate aim: improving the health of West Virginians.

Pennsylvania Senate Democratic Appropriations Committee

Faced with budget proposals from the Governor that would dramatically cut critical safety net programs to close the state budget shortfall, the Senate Democratic Appropriations Committee asked **Public Works** to conduct a separate analysis to find savings without the need for major cuts to education, health care, Medicaid and other programs.

We produced recommendations that could save over \$1 billion in total (\$330 million for Medicaid and health care spending) based a few fundamental principles: 1) cut administrative spending first, not line staff or programs; 2) find savings in working smarter and following sound business principles that the private sector has adopted to survive in this economy; 3) make changes that begin to develop the new reality for government, that is, control spending; and 4) change policies to make programs more effective and efficient in the long-run.

Medicaid and health care related recommendations included:

- **Increasing long-term care community options:** Our budget analysis revealed that Pennsylvania Medicaid spent 72 percent of its budget on long-term care while only 36 percent of consumers fell into the elderly or disabled category needing such care. This imbalance was primarily because of the reliance on nursing home care, rather than developing alternative community care. We made recommendations on how the department could begin to shift toward more community options for this population.
- **Expanding managed care options, medical homes, and chronic disease management:** Recommendations were based on how Pennsylvania compared to national best practices in these areas of care. Significant savings opportunities were identified if Pennsylvania could improve its implementation of these alternatives.
- **Conducting a Revenue Maximization initiative:** Pennsylvania was missing out on substantial federal claiming. Our review identified areas where claiming could be increased to provide additional revenue to the program.
- **Reducing fraud/improving program integrity:** We identified three areas that Pennsylvania was not taking full advantage of tools available for fraud detection and recovery: enacting a False Claims Act, establishing administrative fines, and strengthening provider enrollment procedures.

West Virginia Governor's Office – On-Going Policy Advisors

West Virginia Governor Joe Manchin retained **Public Works** to help implement an ambitious agenda that he laid out in his "West Virginia: Open for Business" plan, which we helped to develop for him. The Governor's State of the State Speech, not only was replete with policy initiatives that **Public Works** helped the State develop in our on-going policy consulting role — but the speech also directly acknowledged our contributions to the State's bottom line:

The Governor unveiled a number of policy initiatives that **Public Works** had a hand in developing. These included:

- Making West Virginia the safest mining state in the country by hiring additional safety inspectors and instructors; increasing mine rescue training time; offering more competitive salaries to mine inspectors and instructors; purchasing additional mine rescue equipment; continuing an abandoned mine mapping project; shutting down mines and levying appropriate penalties against repeat offenders; and placing a moratorium on the use of alternative seals in underground mines and closely monitoring and remediating existing sealed off areas.
- Expanding the state's Mine and Industrial Accident Rapid Response System to identify emergency response information for every mine and every industrial site in West Virginia. The system will store critical information regarding these work sites, detailing the closest rescue teams and equipment as well as current site maps.
- Enhancing workplace safety by requiring drug tests for all new Executive Branch employees.
- Improving school safety by supporting the web-based collection of resources that can identify critical information during an emergency, such as school floor plans, locations of hazards, and means of access for emergency responders.
- Establishing a public outreach campaign to emphasize the value of education and the importance of pursuing a college degree.
- Establishing a public-private partnership called Student Educational and Economic Development Success (SEEDS) to transform struggling schools through well-established business practices, such as goal-setting, time management, and performance measurement.

New Mexico Governor's Office – On-Going Policy Advisors

Public Works served as on-going policy advisors to the New Mexico Governor's Office. We coordinated a range of inter-agency policy initiatives for the Administration, developing an outcomes-based budgeting and performance measuring system for the Governor and a range of policy initiatives enacted by the Governor over the course of his administration.

Public Works also provided an "outside assessment" and helped to integrate the disparate proposals developed by agencies and internal staff in what became the Governor's comprehensive "Year of Water" initiative. We tackled a number of issues on which the Governor's Office lacked internal expertise, such as the competing environmental and economic development issues involved in uranium mining, and oversaw a retreat for the entire Cabinet to get the entire Administration working together on a coherent Governor's agenda in the coming year. And during his State of the State address, Governor Richardson announced a number of additional policy initiatives that **Public Works** helped develop for him.

Iowa Governor's Office – Implementing Budget Priorities

Governor-Elect Chet Culver of Iowa hired **Public Works** to help his Transition Team develop his first state budget, implement his Iowa Power Fund, and establish the Governor's Director of Renewable Power – a new office that is focusing on the development of alternative fuels, renewable power, and other clean technologies. In most instances, newly-elected Governors have little or no input into the first budgets they are required to submit to the Legislature, which generally are prepared by the outgoing administration and often are submitted just days after the new Governor takes the oath of office. Governor Culver broke this mold by remaking the proposed state budget – rearranging spending priorities, inserting new initiatives, and identifying specific sources of revenue to ensure the budget was balanced.

During the transition, **Public Works** helped the Governor-Elect's staff to develop a number of new and innovative budget and policy proposals on education, health care and energy, including Governor Culver's highest priority proposals on renewable energy and alternative fuels.

Louisiana Governor's Office – On-Going Policy Advisors

The Louisiana Governor's Office retained **Public Works** to provide policy advice and recommendations on a wide-ranging series of issues, including the development of policy proposals to reduce poverty and encourage economic self-sufficiency; ensure that recipients of the state's social services could be apprised of all available services for which they were eligible, regardless of which social service agency or programmatic "door" they entered; encourage rural and inner-city economic development in ways that contribute to smarter growth and development; and enhance workforce development in



areas that will support statewide economic development. Some of these policy proposals led to the issuance of executive orders and others were included in the Governor's legislative agenda.

We also worked extensively with the Blanco Administration to develop the federal legislation in the wake of Hurricanes Katrina and Rita, the Governor's state recovery legislation, and the Louisiana Recovery Authority's housing redevelopment plan.

Delaware Insurance Commissioner – Low-Cost Health Insurance Program Design

Public Works was engaged by the Delaware Insurance Commissioner to provide policy advice and program design assistance for the development of a low-cost insurance product in Delaware. **Public Works** conducted extensive research on the program design, actual versus projected costs, and on evaluations of programs available in several states. This included reviewing enabling legislation, policies and implementation to assess the start-up issues, marketing and operational procedures and governance structures for each state.

Public Works assisted the Insurance Commissioner in the presentation of issues and design options to a public advisory group consisting of elected public officials, representatives from the business community, insurers, hospitals, professional associations, and advocates. We secured actuarial services from a nationally renowned health policy firm, assisted in data gathering and analysis, and participated in the analysis of various approaches and cost estimates for Delaware. Detailed information on program design, various benefit packages, eligibility, and reinsurance mechanisms were investigated. In addition, **Public Works** assisted in writing legislation needed to implement the option chosen as the most beneficial for Delaware.

Indiana Family & Social Services Administration – Policy Advisors

Making up more than 40 percent of the state government, Indiana's Family and Social Services Administration (FSSA) is one of the largest state agencies in the nation. But facing staff turnover and a state budget crisis, FSSA had five out of six spots at the agency policy shop unfilled. FSSA contracted with **Public Works** to provide ongoing assistance with its wide-ranging policy portfolio – encompassing social services and Medicaid for children, families, and seniors. The first task we tackled was to restructure the bureaucracy that delivers those services. The effort focused on pilot programs in two counties to coordinate services offered and delivered by multiple agencies of both the state and county governments for families and their children on welfare and to establish a seamless, single-point-of-contact system for beneficiaries. Our job also included on-going consulting on welfare-related policy development generally, integrating those pilot projects with the larger work of FSSA.



1.3. References

Jim Larew

Former Chief of Staff for Iowa Governor Chet Culver
319.541.4240
larewlaw@aol.com

Lara Ramsburg

Former Director of Policy and Communications for Governor Joe Manchin
724.514.1551
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Daniela Glick

Former Director of Cabinet Affairs for Governor Bill Richardson
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Ken Weil

Former Deputy Chief of Staff for Colorado Governor Bill Ritter
303.870.7796 or 303.322.5562
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2. PROPOSED PERSONNEL

Public Works brings to this engagement a combination of management and policy experience, knowledge of state government, and experience working with a variety of high-level state government decision-makers to improve programs and operations. As a firm, we have experience with every function of state government, from economic development to criminal justice, from health and human services to education, and all that falls in between.

Our senior level personnel have all served extensive tours of duty in state government in management and policy-making positions including former state cabinet officials, gubernatorial chiefs-of-staff, and state and agency policy directors. As a firm, we have worked with both state agencies and governors' offices around the country, and embody the small size, low-key image, and organizational and political sensitivity crucial to successful development and implementation of innovative solutions to challenging problems.

The team assembled for this engagement covers a wide range of expertise to be able to address any aspect of Medicaid policy, financing, program and operations that the State of West Virginia may choose to pursue. The team has extensive experience in each of the targeted requirements for this engagement including experience with: program review, budget analysis, implementation of cost saving initiatives, research and development of public policy, and advising governors and elected officials.

Eric B. Schnurer

JD, Columbia University

M.A., Public Policy,
Harvard University

B.A., Political Science,
Brown University

Eric Schnurer, president of **Public Works**, has been helping governors and other high-level government decision-makers realize budgetary savings since 1993, when he served as chief-of-staff to the Acting Governor of Pennsylvania, and has since then helped make **Public Works** one of the leading firms in the country offering structured performance reviews of government agencies. As chief-of-staff, Mr. Schnurer personally oversaw design of

the Acting Governor's budget proposal, including detailed savings across state government to pay for a large business tax cut. Since then, Schnurer has identified similar areas for budgetary savings for the governors of Arizona, New Mexico, Maine, West Virginia, Colorado, Iowa, and others. He has provided a wide range of consulting services to Governor's, agency heads and legislators in over half of the states in the United States.

Mr. Schnurer founded **Public Works** in 1995 and since 1997 has overseen **Public Works'** provision of performance review-related services to government agencies across the country. Most recently, Mr. Schnurer has served as partner-in-charge of the **Public Works** performance reviews in Iowa, New Mexico, West Virginia and Colorado – which

resulted in the firm's being asked to conduct a similar review of the New Mexico Public Education Department. He also was the responsible corporate manager for the review of the Arkansas Department of Health on behalf of the Arkansas legislature and of the "EdFund" of the California Student Aid Commission review. He has been widely published in national public policy journals and other professional publications, including articles for the *Washington Monthly* on Medicaid and Medicare reform, which was also the subject of his Master's thesis at Harvard University.

Linda Rhodes

Ed.D, Education,
Columbia University

M.A. Sociology and
Education, Edinboro
University

B.A., Sociology,
Mercyhurst College

Dr. Linda Rhodes is a former Secretary of Aging for the state of Pennsylvania where she managed over \$1 billion of long-term care funding, a staff of 100, plus 3,000 employees at Area Agency on Aging sites. She created the award-winning Family Caregiving Program helping thousands of families care for their loved ones at home, as well as oversaw the nation's largest third-party prescription benefit program for the elderly, initiating major cost containment strategies that saved \$300 million without cutting benefits.

She spearheaded guardianship reform that dramatically overhauled Pennsylvania's guardianship law, and negotiated the state's first elderly Protective Services law.

Dr. Rhodes has conducted numerous studies and consulted on aging policy and programs throughout the country. She has consulted with Congress to improve the testing process for nurse aides and has been a life-long advocate for the elderly.

She has conducted numerous studies on aging, Medicaid/Medicare services and spending for the elderly, and health care policy and regulations, including a statewide study to forecast trends for nurses and certified nursing assistants and its effect on the long-term care industry in Delaware.

She is the author of five books on aging and health care, and of a national award-winning newspaper column.

Marion E. Reitz

MSW, Administration,
University of
Pennsylvania

B.A., Psychology, Indiana
University

Marion Reitz has over twenty-nine years of experience managing and leading government agencies, as well as for-profit and not-for-profit organizations. Her work and experience has covered a wide-range of programs and government services, especially in the areas of health and human services, government contracting and procurement. Ms. Reitz's direct experience in managing public sector programs is coupled with her recent years of consulting work in the area of performance

reviews, program design, operational analysis, fiscal operations reviews, government contracting and procurement processing. One of her most recent assignments was as a project leader for the Iowa Performance Review. She also was the Project Manager for the West Virginia Education System Review, the Louisiana Recovery School District Performance Review and provided consulting services to the New Jersey Department of Education, helping inner-city school districts review and improve management operations.

Before consulting, Ms. Reitz served for nine years as the Director of the Division of Family Development in New Jersey, responsible for all public assistance and child support programs for the state, managing a budget of \$1.2 billion and over 500 staff. She has been responsible for programs at the local level, working in Philadelphia as an Assistant Managing Director with the specific mission of creating interdisciplinary and interdepartmental solutions to health and human service needs not responding to categorical approaches.

Dawn Wilson

JD, University of Georgia

B.A., Political Science,
University of Georgia

B.A., Sociology,
University of Georgia

Dawn Wilson served five years as a senior advisor to the Iowa Governor and Lt. Governor, and five years as Deputy Chief of Staff. Throughout her tenure, Ms. Wilson provided legal counsel and served as a lead budget, policy, and communications advisor to the administration. In conjunction with the Chief of Staff, Ms. Wilson managed the operations for 27 state agencies and a \$5 billion state annual budget. In addition, Ms. Wilson served as the

governor's primary advisor in the areas of homeland security, emergency management, public safety, labor/workforce development, and youth development issues, with direct oversight of all state agencies in these areas. Ms. Wilson also served on the Governor's Leadership Team for Budgeting and Reinventing Government. With **Public Works**, she has overseen our performance reviews of the public safety functions in Colorado and Iowa, and worked closely with the Chicago police on our review of that department.

She was a team leader for our West Virginia Education System Review with primary responsibility for the review of professional development, human resources, and recruitment practices and operations.

Gloria Homer

B.A., Sociology,
University of North
Carolina

Gloria Homer has over 30 years of experience in government finance and administration. She served as the Cabinet Secretary for the Delaware Division of Administration during which time she was responsible for all aspects of state procurement, contracting, fleet

management, capital programs, state printing, strategic planning, and other state administrative responsibilities. Overseeing a budget of over \$100 million, she has

received numerous awards for leadership and management, including having created the first Delaware Office of Minority and Women Business Enterprise.

While responsible for the Division of Administration, Ms. Homer conducted several performance reviews of agency operations and services, resulting in several improvements. Most notably, she consolidated fleet management, saving the state \$7 million in the first two years of operation, and restructured the Printing and Publishing Unit resulting in a positive cash flow. She also identified growing demands for services and was able to position the division to meet those demands.

Gloria was a key member of the West Virginia Education System Review, Colorado and Iowa Performance Reviews; responsible for administrative functions, fleet management review and procurement review. She is also the founder of a K-12 charter school in Delaware.

Shari Holland

M.A., Public Affairs,
University of Texas

B.A., Urban Affairs,
American University

Shari Holland has extensive experience reviewing public programs and making recommendations to public officials, leading organizations through the process of evaluating their internal processes and structures as well as the impact they have on their clients and customers. With a focus on the allocation of public funds, Ms. Holland works with clients to identify how funds are being used and whether the

allocation of resources reflects the needs and priorities of the organization.

Ms. Holland has twenty years of experience evaluating public programs and their funding and presenting policy findings and recommendations to elected officials and public audiences. She has evaluated health care and human services programs, including local indigent health care programs in Texas as well as the Medicaid program. Projects have included reviewing the Texas Medical Transportation Program, benchmarking Medicaid integrity programs nationwide, developing policy briefs summarizing quantitative research of the Texas Medicaid program, developing an internal policies and procedures manual for the CHIP program, and assisting with an evaluation of the Texas Medicaid managed care program. She has conducted fiscal analyses showing the costs of a change in policy for the state of Texas children's immunization program and the local fiscal impact of proposed reductions to a state program providing HIV medications to low-income clients.

Ms. Holland served as an assistant to the Director of the Austin/Travis County Health and Human Services Department. In that position, she evaluated changes in administrative policies and organizational procedures, recommended improved management practices, facilitated staff work teams, and coordinated a large departmental reorganization. Before working in the City of Austin, Ms. Holland served as an analyst in the State of Texas Legislative Budget Office and later as a senior analyst at the Travis County Planning and Budget Office.

Shari has been a team member for all of our statewide performance reviews with special focus on health and human services policy and operations.

Stephanie Walsh

M.A., Political Policy,
Duke University

M.A., Secondary
Education, University of
New Hampshire

B.S., Environmental
Conservation, University
of New Hampshire

Stephanie Walsh has over ten years of professional experience in the field of public policy research and budget analysis. Ms. Walsh previously served as Principal Legislative Analyst for the Colorado State Legislature, where her areas of responsibility included the Department of Regulatory Agencies, the Department of Public Health and Environment, the State Judiciary, and the Offices of Economic Development and Information Technology. Specific duties included evaluating program proposals, developing budget options, and presenting funding

recommendations to the State Legislature's Joint Budget Committee. Ms. Walsh was responsible for the analysis of state agency budget requests and the compilation of funding recommendations totaling over \$400 million dollars annually.

While an Environmental Analyst for EC/R Incorporated, Ms. Walsh worked on several projects for the U.S. Environmental Protection Agency. Ms. Walsh also conducted research for the North Carolina Governor's Office on both brownfields redevelopment and growth management. She worked in the field of secondary education as middle school science teacher and she also researched and co-authored a State-sponsored handbook for educators cataloging public and private resources for homeless students.

Since joining **Public Works**, Ms. Walsh's work has spanned a diverse range of fields, including economic development, environmental conservation, clean energy, education, workforce development, and criminal justice. She has been responsible for the budget analysis on projects, including reviewing the school aid formula in West Virginia. Additionally, she has worked with teams of consultants to conduct performance reviews to advise state government on best practices, recommendations for savings, improved performance, reduction in duplication of services, and consolidation of programs.

Robin Herskowitz

Graduate Studies, Public
Health, University of
Texas

B.A., Psychology,
University of Texas

Robin Herskowitz has over 20 years experience in the area of public policy, and has a well-earned reputation for her innovative approaches to performance reviews. Prior to joining the private sector, Ms. Herskowitz worked as a Senior Policy Analyst with the Texas State Comptroller, where she led the groundbreaking performance reviews first begun in Texas. These reviews included specific

recommendations to improve efficiency and save state taxpayers billions of dollars.

Ms. Herskowitz' project experience includes performance reviews of numerous state governments, health departments and health programs, as well as program evaluations, cost-benefit analyses, and health policy related research studies. She participated on the team to conduct the Iowa, Colorado and West Virginia Performance Reviews, participated in Phase I of the New Mexico review, and co-directed the second phase of the New Mexico Performance

Ms. Herskowitz directed our study examining the organizational performance of the Arkansas Department of Health and co-directed the West Virginia Performance Review.

Jenni Ellingson

M.B.A., Thunderbird
School of Global
Management

B.A., Brown University

Jenni Ellingson brings to **Public Works** experience in policy analysis and government affairs as well as a background in international development issues. Jenni was most recently the communications director at OneRoof, Inc., an international public-access computing enterprise linking rural communities with access to IT and a range of goods and services including mobile banking, solar-powered

appliances, and job training.

Previously she served as a government and Congressional liaison at the New York Mercantile Exchange, where she conducted political, legislative, and regulatory analysis and outreach related to energy futures trading. Her policy portfolio included Energy Bill legislation, CFTC reauthorization, market volatility, and fuel specifications. Jenni was selected for a year-long program at the State Department's Bureau of Oceans and International Environmental and Scientific Affairs in Washington, DC in 2000, and subsequently worked as an environmental policy analyst and project manager at Computer Sciences Corporation in Alexandria, VA, where she supported federal clients including the Department of Labor (DOL) and EPA in program implementation and assessment, including emergency response planning, Clean Air Act enforcement, Superfund, Brownfields remediation, and other environmental programs.

Jenni is a graduate of Brown University, with concentrations in development studies and in international relations. She also studied in Cameroon with the School for International Training, conducting research on gender and civil society. Jenni received her MBA from Thunderbird School of Global Management of Global Management.

John Sweeney

M.B.A., University of
Rochester

B.S., Mechanical
Engineering, Rensselaer
Polytechnic Institute

John Sweeney has over 30 years of experience helping government agencies maximize federal reimbursements. He has worked at the federal government level to advise the Centers for Medicare and Medicaid in developing reimbursement methodologies for state administrative costs. As such, he is uniquely qualified to work with state agencies



to develop claims for Medicaid reimbursement and has done so for numerous states, including West Virginia. He has also worked with Texas, Arkansas, Kentucky, New Mexico, Arizona, North Carolina, Oklahoma, New York, Nevada, Maryland, Pennsylvania and Puerto Rico. In these states, he has been able to increase federal claiming by over \$57.4 million.

In his capacity as both Project Manager and team member, he has worked with multiple agencies to develop claiming initiatives and helped states establish the capacity for on-going claiming. Prior to consulting on revenue maximization engagements, John was the Commissioner of Finance for the New York State Department of Social Services where he was responsible for financial planning, budget development and oversight of spending, developing cost allocation plans and implementing automated systems to support financial management and claiming.

Patrick J. Messineo

B.S., Accounting, Siena College

Patrick Messineo has over 30 years of experience working at the federal and state level accessing enhanced Medicaid funding for administrative services in support of welfare reform, accessing Medicaid funding for special needs children in public schools, accessing Medicaid/Medicare

funds for public hospitals with large uncompensated care write-offs, developing reimbursement methodologies for state administrative costs associated with Medicare Part D implementation.

He assisted the Centers for Medicare and Medicaid Services (CMS) in identifying and reimbursing drug and administrative costs incurred by all states as a result of the complex implementation required for the new Medicare Part D drug program. He has worked on claiming/reimbursement efforts in 14 states for dually eligible clients (i.e., clients eligible for both Medicare and Medicaid) as well as clients of state pharmacy assistance programs.

Patrick has also served as the County Auditor in Montgomery County, NY, Director of Title XIX/Medicaid in Public Hospitals for the Institutes for Health & Human Services, Inc., and Management Specialist, Federal Revenue Maximization Group, for the New York Department of Social Services.

3. PROJECT PLAN

Reviewing best practices for Medicaid and related health care programs to achieve efficiencies, reduce duplication, improve outcomes, revise policies and regulations, and streamline organizational structures entails a wide range of activities and tasks. At the very least, it requires:

- Conducting a review of current programs and operations to identify ways that the program could be more efficient (described in Section 3.1 below).
- Researching and advising the Governor on creative and innovative policy ideas from around the country to ensure the program is meeting the needs of the citizens of West Virginia in the most efficient and effective way (described in Section 3.2 below).
- Ensuring Medicaid is claiming all federal funds to which the state is entitled (described in Section 3.3 below).

As noted in Section 1 above, **Public Works** has extensive experience in each of these categories. We have conducted comprehensive reviews of operations of entire Executive Branches of government (including in West Virginia), as well as individual departments and programs. We have advised governors on innovative and forward-thinking policy. We have generated additional non-tax revenue in the hundreds of millions of dollars. All of this knowledge and experience will be brought to bear in West Virginia to conduct a thorough review of the Medicaid system.

3.1. Plan for Efficiency Review – Reviewing Programs and Operations

Our plan for the review of current Medicaid structure and operations will involve conducting an efficiency review using our Performance Review model. The steps in this model include:

Task 1: Project Initiation and Setting of Priorities

We begin every engagement with a “kick-off” meeting to ensure that the goals, objectives and details of project implementation are adequately defined and understood. At this time, we establish contacts for the overall project and set the stage for more detailed work to identify state contacts for each area of the investigation and points-of-contact to begin gathering data and setting interview schedules so that work can begin as expeditiously as possible.

Task 2: Gather and Analyze All Relevant Data, Benchmarking and Best Practice Information

Public Works team members will first develop a thorough understanding of the current Medicaid policy, regulations and operations. The first step after project kick-off is to collect specific data and documents that describe the history and current status of program operations. We work closely with the state project manager to review the information collected to form the basis for determining benchmarking requirements. Once this is determined, our extensive knowledge of national best-practices (in part from conducting similar reviews around the country), our experience implementing such best-practices, our understanding of federal requirements and professional standards, as well as our ability to research specific areas as needed, all will inform our thinking and will become part of the preliminary formation of issues and possible solutions.

Task 3: Conduct On-Site Research and Diagnostic Assessment

For this step in the investigation, we conduct on-site visits and interview key managers, supervisors and employees both in individual and small group meetings. We will work with the state project manager to identify the appropriate people to interview. We will ensure that employees play a key role in our work as we build upon their historical insights and welcome their ideas for improved service delivery. As part of our interview process, we will identify existing practices, legislative history, and legal, regulatory, and budgetary constraints faced by departments as they attempt to meet program requirements over recent years.

Task 4: Prepare Preliminary Findings and Recommendations

During this task, we will consolidate the initial findings and recommendations for each area of review and develop an "issues docket." The issues docket lists initial findings and recommendations to improve efficiency and effectiveness and to streamline core processes, service delivery, and other critical operations. For each item on the issues docket, we examine law, current practices, and current budget constraints, including the relevant limitations in existing state and federal budget, tax, and expenditure laws.

Once the issues docket is compiled, we will present our initial findings and recommendations to the appropriate state leadership (Governor's Office and/or Department of Health and Human Resources and Medicaid senior management, as directed by the Governor's Office) during a "tollgate" meeting. Such "tollgates" – formal meetings held to review preliminary findings and recommendations with key decision-makers – greatly enhance the quality of the final work product. Preliminary findings and recommendations are "vetted" by the group during a highly-interactive meeting, and the group can provide a fresh look at not just the recommendations but also the adequacy of the documentation and analyses supporting them. Most importantly, these "tollgates"

help us to achieve a consensus on what issues and recommendations to pursue and which ought to be dropped at this point.

Task 5: Develop Business Plans for Implementation, Outcome Measures and Monitoring

Our team has extensive experience developing business plans for implementation of recommendations and timelines to achieve desired results. Developing implementation plans to accompany report recommendations requires an understanding of the fiscal and personnel constraints relevant to the issue being addressed and an ability to prioritize the steps necessary to accomplish the end goal.

When developing recommendations we always keep the end in mind – that is, what will it take to realize the organizational redesign, estimated savings, improved customer service or greater efficiency. As part of our diagnostic assessment, the team asks questions, not only about how a process currently works, but also what would happen if the process were to change and further, if a change were to occur who should be responsible for the revised process. We typically put the expected change in operations in writing, highlighting the desired outcome, and identifying the timeframe for implementation to remove any ambiguity about what is to happen and who is responsible. This level of commitment in writing has proven to be a useful tool to keep the focus on critical activities and milestones.

Task 6: Submit Draft Report for Input

At this stage, background information, findings, recommendations, fiscal analysis and methodology and implementation sections – complete with both text and tables – are put into draft form for eventual publication. The report is written to be persuasive, objective and clear – using meaningful terminology yet free of jargon – so that the public can understand the issue and recommendation. Reports also include sufficient implementation information for managers and staff to use it as a blueprint for making the changes suggested.

Task 7: Incorporate Input and Submit Final Report

Draft written reports are developed and submitted with sufficient time for input from as wide an audience as needed, most notably the appropriate steering committees for this engagement. Since the report becomes the permanent record of the review and analysis, it is written not only for immediate use, but also as a guide for the organization and a tool for follow-up to determine if recommendations are being fully implemented.

3.2. Ensuring Maximum Federal Claiming

The model for Efficiency/Performance Reviews developed by **Public Works** includes a revenue review component designed to identify opportunities and strategies to increase revenue from all non-tax sources. At times we are also tasked with going beyond a typical financial analysis to implement revenue maximization initiatives. Revenue maximization involves extremely detailed review and analysis of financial information for the purposes of specifically establishing sufficient documentation to claim federal funds.

Our revenue maximization component helps states and local school districts to ensure claims are being submitted for maximum federal funding in both the Medicaid and SCHIP programs, in particular. We specialize in identifying opportunities for securing federal funding of vital programs, including for at-risk children, residential care facilities, and other health and human services programs, from adoption and day care to foster care and juvenile justice.

We also have expertise in recovering public funds from third parties — money spent previously that is often federally reimbursable in full or in part. The firm has developed specialized capabilities — boosting the overall impact of available federal funds from a wide variety of federal programs to help states and other jurisdictions optimize the use of federal funds for a variety of programs.

Whether such a revenue maximization component is included with our reviews or undertaken separately, all our performance reviews include a comprehensive and detailed review of financial data for particular programs, departments or functions that may yield the opportunities to claim federal, state or other funds.

3.3. Advising on Best Practices and Public Policy

Unlike projects that specify an approach to work and have defined deliverables and timeframes, policy office engagements are often more open-ended and fluid. This does not mean, however, that the work is not planned and managed. It does mean that policy advising requires a skillful combination of interpersonal, trusted advisor relationships and completion of work products that meet client needs and expectations. The process is as important as the product.

Advising on policy issues requires a thorough understanding of the goals, objectives, and outcomes of interest to an administration. First and foremost, it requires establishing a trusted advisor relationship — being able to assess current policies, programs and operations, while continuing to introduce new ideas and forwarding-thinking initiatives.

Examples of the types of activities and work products that are typical of engagements that require advising on policy are displayed below.

Task/Activity	Product
Frequent and on-going face-to-face contact	On site visits, ad hoc discussions, planned meetings
Short and long-term policy issues: identification of state issues, research, recommendations, best practices (what other states are doing)	Written reports in various formats and schedules dependent upon issue
Environmental scans: Big ideas, creative solutions to issues, early warning system for emerging issues	Written Alerts – on-going, short memos to client on issue/idea as identified
Strategic planning: Guidance on policy framework for program design, program ideas, implementation planning, timeframe for actions required	Written report on program design options, decision memos, model work plan, template for agency planning activities and reporting
Policy and program analysis: review of current programs, identification of efficiencies, budget analysis, program recommendations	Written report
Legislative reports: research, recommendations, best practices, analysis of policy and/or programs	Written report specifically designed for legislative audience
Communication plans: development of communication tools for various audiences	Written communications depending on audience
Cross agency discussions/planning: opportunities to coordinate Governor's initiatives when multiple agencies are involved	Local meetings, development of agendas
Implementation: opportunities to plan and work on actual implementation of programs/initiatives	Meetings and follow up with agencies
Development of performance measures: planning and setting up performance measure to assist Governor's Office in monitoring implementation of initiatives	Written performance measures and process
State of the State initiatives: identifying and recommending possible initiatives for the SOS address	Written report and presentation
Budget analysis: identifying and analyzing budget issues and cost of initiatives	Written analysis
Recommendations to set Governor's agenda: wide-ranging tasks organized for presentation to Governor and advisors to help shape agenda	Regularly scheduled meetings with Governor or top aides, as well as ongoing discussions

Advising on policy issues requires a more open-ended approach, though no less organized and managed. Our research of best practices and emerging trends can lead in many directions, and therefore, requires the project team to be able to pursue a wide range of issues and implementation ideas. Most importantly, we work to ensure the policies are right for West Virginia – not assuming a best practice in one state will “fit” in West Virginia.

Our approach to ensure we identify and adapt policies that are right for West Virginia includes:

- Engaging in frequent and on-going discussions.

- Reviewing legislative and history of current policies and programs.
- Conducting agency and cross-agency discussions to ensure all key stakeholders are involved.
- Communicating, as requested, with advocates and other interested stakeholders outside of government.
- Working on implementation plans in partnerships with those who will be required to implement the policy to ensure plans are realistic and achievable.
- Analyzing and estimating realistic budget impacts over multiple years.

3.4. Project Organization

As a national leader in the planning and implementation of performance reviews and advising governors on a wide range of policy issues, **Public Works** has developed proven mechanisms to organize and manage projects to, not only meet, but exceed client expectations. In all of our engagements we are committed to:

- Delivering high quality products and services that can withstand press and public scrutiny;
- Maintaining an approach that is responsive to client concerns throughout the life of the project;
- Delivering products and services on time, especially understanding that budgets and legislation often hinge on the timely completion of work;
- Approaching every project with enough flexibility to make changes in project activities as needed to meet client requirements;
- Guaranteeing clients have ready access to the Project Manager and corporate management; and
- Effectively managing the team to ensure a high quality result within budget and on time through clearly communicated, concrete expectations and accountability systems.

In all of the policy advising, efficiency reviews, and research of best practices, we develop a realistic work plan, to be approved by the client, that identifies key activities and milestones, responsibility, and timelines for completion. We organize our work around open and frequent communication such as:

- Participating in discussions with the Governor's Office and state project leader to identify areas of most importance.
- Working closely with department leadership to map out a strategy to identify key stakeholders, methods for gathering information, and requirements for reporting findings.
- Assisting states to identify state employees to work on teams, if needed.
- Assigning **Public Works'** team members according to their expertise.
- Participating in debriefings with state leaders and the Governor's Office in order to ensure everyone is aware of the progress and outcomes of our investigations.



Public Works believes that this type of collaborative effort, which relies on the knowledge and experience of “people on the ground,” produces the most buy-in and realistic solutions to identified issues. It is a model we attempt to use in virtually all of our consulting work.

3.5. Project Management

Public Works business model utilizes a fluid and agile structure to hold down costs and deliver project-appropriate staffing on every engagement. **Public Works'** firm structure allows us to service any governmental need at the level of a large national firm while holding down costs through this flexible organizational structure.

All of **Public Works** focus, work effort, resources and talents are dedicated to providing high quality services to our government clients. We believe wholeheartedly that government can and must provide services and support to its citizens, that it must continuously adapt to meet changing demands, and that this can be done effectively and efficiently.

One of the key elements to our success is our approach to contract and project management. In all of our engagements we are committed to:

- Delivering high quality products and services
- Maintaining an approach that is responsive to client concerns
- Delivering products and services on time
- Establishing the flexibility of approach to make changes in project activities as needed to meet client requirements
- Ensuring clients have ready access to the Project Manager and corporate management
- Effectively managing the team and subcontractors to ensure a high quality result within budget and timely.

The **Public Works** approach to planning for an engagement such as that envisioned in this RFQ builds on our experience to accomplish the most comprehensive investigation of government services with a view toward finding efficiencies, eliminating duplication and improving customer service. Additionally, we take a broad look at possible policy initiatives that will ensure the state is positioned for the future as funding, programs and demand for services changes over the years.

Our fundamental project management approach includes:

- **Assignment of a Public Works Project Manager** who is responsible for all phases of the planning and implementation of the work to be performed. Identifying a single point of contact ensures the state has clear lines of communication on project planning, status and quick resolution of issues if any arise. The **Public Works** Project Manager is responsible for ensuring project completion to the satisfaction of the state.

- **Formation of a Public Works project team with a wide range of experience** that has the knowledge and experience of how government works at all levels, ability to analyze policies and operations and to develop realistic recommendations for improvement.
- **Timely project initiation and communication** to ensure a clear understanding of project requirements. Public Works devotes considerable time and effort to initial project start up, including review and adjustment to the proposed workplan. We have found these efforts provide the best opportunity for success in the entire project.
- **Flexibility in approach to ensure state requirements are met throughout the project.** Through constant communication and periodic reports, Public Works and the state Project Manager are always aware of the status of work and can make adjustments as needed to address the realities of implementation. Remaining flexible in our approach gives us the ability to adjust activities and tasks as needed.
- **Identification of key stakeholders to ensure a wide range of input is achieved.** Input from a wide range of people is needed in order to ensure accurate information is collected and realistic recommendations are made. Through activities such as focus groups, agency small group meetings and individual interviews we gather a considerable amount of information and opinion before drawing conclusions.
- **Maintenance of a quality assurance system** for internal review processes to ensure our final product is accurate, cogent, and meets all of the contract requirements.

3.6. Internal and External Communication

We believe that relationships and communications are vital components of successful engagements and constitute a foundation that must be laid starting from Day One. We take a two track approach to communication planning – 1) establishing internal lines of communication and mechanisms that ensure projects and activities are understood and progressing according to plan; and 2) establishing an external communications plan in conjunction with the Governor's Office to ensure employees, key stakeholders, legislative representatives, advocates and the general public understand the purpose, process and results of any efficiency review or policy recommendations.

The importance of frequent and effective communication cannot be overstated. For both the project team and the client, it is important to ensure both structured and as-needed lines of communication are in place. This requires the Public Works Project Manager to schedule team and client conferences (both on-site and by telephone), as well as



ensuring clients understand they can contact the Project Manager as needed to obtain immediate responses to questions or concerns.

Internal team communication is also so critical that **Public Works** builds the requirement into work plans. Frequent communication with both individual team members and group discussions ensures everyone understands the priorities, that deliverables are on track, issues are being addressed, and the best product is developed as a result of input from all participants.

We also work closely with the Governor's Office to plan public events, if desired. We have participated in press conferences and editorial board meetings when requested, assisting Governors to get their message out about saving taxpayer money and ensuring funds are spent efficiently. It is extremely helpful for communications staff to participate in discussion to help them build a solid background on the issues, some of which can be very complex, and to point out areas of research that may be needed to address the challenge of communicating the issue later on.

We also work with communications staff when writing and editing of reports and summaries to ensure that there is broad circulation at various news and public events as needed.



4. REQUIRED FORMS AND AFFIDAVIT



State of West Virginia
Department of Administration
Purchasing Division
2019 Washington Street East
Post Office Box 50130
Charleston, WV 25305-0130

WV PURCHASING ACA SECT Fax 304-558-4115

May 18 2012 01:31pm P002/005

Request for Quotation

RFQ NUMBER

GOV12019

PAGE

1

ADDRESS CORRESPONDENCE TO ATTENTION OF

FRANK WHITTAKER
304-558-2316

*512151833 610-296-9443

PUBLIC WORKS LLC
1690 E STRASBURG RD

WEST CHESTER PA 19380

OFFICE OF THE GOVERNOR

1900 KANAWHA BOULEVARD, EAST
CHARLESTON, WV
25305-0370 304-558-2000

DATE PRINTED	TERMS OF SALE	SHIP VIA	FOB	FREIGHT TERMS
05/18/2012				

BID OPENING DATE: 06/04/2012 BID OPENING TIME 01:30PM

LINE	QUANTITY	UOP	CAT NO	ITEM NUMBER	UNIT PRICE	AMOUNT
***** ADDENDUM NO. 1 *****						
THIS ADDENDUM IS ISSUED TO:						
1) EXTEND THE BID OPENING DATE AND TIME TO:						
06/04/2012 AT 1:30 PM						
2) PROVIDE THE ATTACHED TECHNICAL QUESTIONS AND ANSWERS						
***** END ADDENDUM NO. 1 *****						

SEE REVERSE SIDE FOR TERMS AND CONDITIONS

SIGNATURE	TELEPHONE	DATE
<i>[Signature]</i>	610.296.9443	6/4/2012
TITLE	FEIN	ADDRESS CHANGES TO BE NOTED ABOVE
PRESIDENT	03-0447140	

WHEN RESPONDING TO RFQ, INSERT NAME AND ADDRESS IN SPACE ABOVE LABELED 'VENDOR'



State of West Virginia
Department of Administration
Purchasing Division
2019 Washington Street East
Post Office Box 50130
Charleston, WV 25305-0130

Request for Quotation

RFQ NUMBER

GOV12019

PAGE

1

ADDRESS CORRESPONDENCE TO ATTENTION OF

FRANK WHITTAKER
304-558-2316

RFQ COPY

TYPE NAME/ADDRESS HERE

Public Works LLC

1690 E. Strasburg Road

West Chester, PA 19380


OFFICE OF THE GOVERNOR

1900 KANAWHA BOULEVARD, EAST
CHARLESTON, WV

25305-0370 304-558-2000

DATE PRINTED	TERMS OF SALE	SHIP VIA	F.O.B.	FREIGHT TERMS
04/25/2012				
BID OPENING DATE: 05/24/2012		BID OPENING TIME 01:30PM		

LINE	QUANTITY	UOP	CAT. NO.	ITEM NUMBER	UNIT PRICE	AMOUNT
0001	1	LS		961-20		
				CONSULTING		
				EXPRESSION OF INTEREST (EOI)		
				THE WEST VIRGINIA PURCHASING DIVISION, FOR THE WEST VIRGINIA OFFICE OF THE GOVERNOR, IS SEEKING EXPRESSIONS OF INTEREST FROM RESPONSIBLE VENDORS TO CONDUCT A THOROUGH REVIEW OF THE STATE OF WEST VIRGINIA'S MEDICAIDE SYSTEM AND IDENTIFY KEY ISSUES AND OPPORTUNITIES TO IMPLEMENT BEST PRACTICES PER THE ATTACHED SPECIFICATIONS.		
				ALL TECHNICAL QUESTIONS MUST BE SUBMITTED IN WRITING TO FRANK WHITTAKER IN THE WV PURCHASING DIVISION VIA EMAIL AT FRANK.M.WHITTAKER@WV.GOV OR VIA FAX AT 304-558-4115. DEADLINE FOR ALL TECHNICAL QUESTIONS IS 05/07/2012. AT 4:00 PM. ALL TECHNICAL QUESTIONS WILL BE ADDRESSED BY ADDENDUM AFTER THE DEADLINE.		
				BANKRUPTCY: IN THE EVENT THE VENDOR/CONTRACTOR FILES FOR BANKRUPTCY PROTECTION, THE STATE MAY DEEM THE CONTRACT NULL AND VOID, AND TERMINATE SUCH CONTRACT WITHOUT FURTHER ORDER.		
				NOTICE		
				A SIGNED BID MUST BE SUBMITTED TO:		

SEE REVERSE SIDE FOR TERMS AND CONDITIONS			
SIGNATURE 		TELEPHONE 610.296.9443	DATE June 4, 2012
TITLE President	FEIN 03-0447140	ADDRESS CHANGES TO BE NOTED ABOVE	

WHEN RESPONDING TO RFQ, INSERT NAME AND ADDRESS IN SPACE ABOVE LABELED 'VENDOR'

GENERAL TERMS & CONDITIONS REQUEST FOR QUOTATION (RFQ) AND REQUEST FOR PROPOSAL (RFP)

1. Awards will be made in the best interest of the State of West Virginia.
 2. The State may accept or reject in part, or in whole, any bid.
 3. Prior to any award, the apparent successful vendor must be properly registered with the Purchasing Division and have paid the required \$125 fee.
 4. All services performed or goods delivered under State Purchase Order/Contracts are to be continued for the term of the Purchase Order/Contracts, contingent upon funds being appropriated by the Legislature or otherwise being made available. In the event funds are not appropriated or otherwise available for these services or goods this Purchase Order/Contract becomes void and of no effect after June 30.
 5. Payment may only be made after the delivery and acceptance of goods or services.
 6. Interest may be paid for late payment in accordance with the *West Virginia Code*.
 7. Vendor preference will be granted upon written request in accordance with the *West Virginia Code*.
 8. The State of West Virginia is exempt from federal and state taxes and will not pay or reimburse such taxes.
 9. The Director of Purchasing may cancel any Purchase Order/Contract upon 30 days written notice to the seller.
 10. The laws of the State of West Virginia and the *Legislative Rules* of the Purchasing Division shall govern the purchasing process.
 11. Any reference to automatic renewal is hereby deleted. The Contract may be renewed only upon mutual written agreement of the parties.
 12. **BANKRUPTCY:** In the event the vendor/contractor files for bankruptcy protection, the State may deem this contract null and void, and terminate such contract without further order.
 13. **HIPAA BUSINESS ASSOCIATE ADDENDUM:** The West Virginia State Government HIPAA Business Associate Addendum (BAA), approved by the Attorney General, is available online at www.state.wv.us/admin/purchase/vrc/hipaa.html and is hereby made part of the agreement provided that the Agency meets the definition of a Cover Entity (45 CFR §160.103) and will be disclosing Protected Health Information (45 CFR §160.103) to the vendor.
 14. **CONFIDENTIALITY:** The vendor agrees that he or she will not disclose to anyone, directly or indirectly, any such personally identifiable information or other confidential information gained from the agency, unless the individual who is the subject of the information consents to the disclosure in writing or the disclosure is made pursuant to the agency's policies, procedures, and rules. Vendor further agrees to comply with the Confidentiality Policies and Information Security Accountability Requirements, set forth in <http://www.state.wv.us/admin/purchase/privacy/noticeConfidentiality.pdf>.
 15. **LICENSING:** Vendors must be licensed and in good standing in accordance with any and all state and local laws and requirements by any state or local agency of West Virginia, including, but not limited to, the West Virginia Secretary of State's Office, the West Virginia Tax Department, and the West Virginia Insurance Commission. The vendor must provide all necessary releases to obtain information to enable the director or spending unit to verify that the vendor is licensed and in good standing with the above entities.
 16. **ANTITRUST:** In submitting a bid to any agency for the State of West Virginia, the bidder offers and agrees that if the bid is accepted the bidder will convey, sell, assign or transfer to the State of West Virginia all rights, title and interest in and to all causes of action it may now or hereafter acquire under the antitrust laws of the United States and the State of West Virginia for price fixing and/or unreasonable restraints of trade relating to the particular commodities or services purchased or acquired by the State of West Virginia. Such assignment shall be made and become effective at the time the purchasing agency tenders the initial payment to the bidder.
- I certify that this bid is made without prior understanding, agreement, or connection with any corporation, firm, limited liability company, partnership, or person or entity submitting a bid for the same material, supplies, equipment or services and is in all respects fair and without collusion or Fraud. I further certify that I am authorized to sign the certification on behalf of the bidder or this bid.

INSTRUCTIONS TO BIDDERS

1. Use the quotation forms provided by the Purchasing Division. Complete all sections of the quotation form.
2. Items offered must be in compliance with the specifications. Any deviation from the specifications must be clearly indicated by the bidder. Alternates offered by the bidder as **EQUAL** to the specifications must be clearly defined. A bidder offering an alternate should attach complete specifications and literature to the bid. The Purchasing Division may waive minor deviations to specifications.
3. Unit prices shall prevail in case of discrepancy. All quotations are considered F.O.B. destination unless alternate shipping terms are clearly identified in the quotation.
4. All quotations must be delivered by the bidder to the office listed below prior to the date and time of the bid opening. Failure of the bidder to deliver the quotations on time will result in bid disqualifications: Department of Administration, Purchasing Division, 2019 Washington Street East, P.O. Box 50130, Charleston, WV 25305-0130
5. Communication during the solicitation, bid, evaluation or award periods, except through the Purchasing Division, is strictly prohibited (W.Va. C.S.R. §148-1-6.6).

WHEN RESPONDING TO RFQ, INSERT NAME AND ADDRESS IN SPACE ABOVE LABELED 'VENDOR'

STATE OF WEST VIRGINIA
Purchasing Division

PURCHASING AFFIDAVIT

West Virginia Code §5A-3-10a states: No contract or renewal of any contract may be awarded by the state or any of its political subdivisions to any vendor or prospective vendor when the vendor or prospective vendor or a related party to the vendor or prospective vendor is a debtor and the debt owned is an amount greater than one thousand dollars in the aggregate

DEFINITIONS:

"Debt" means any assessment, premium, penalty, fine, tax or other amount of money owed to the state or any of its political subdivisions because of a judgment, fine, permit violation, license assessment, defaulted workers' compensation premium, penalty or other assessment presently delinquent or due and required to be paid to the state or any of its political subdivisions, including any interest or additional penalties accrued thereon.

"Debtor" means any individual, corporation, partnership, association, Limited Liability Company or any other form or business association owing a debt to the state or any of its political subdivisions. "Political subdivision" means any county commission; municipality; county board of education; any instrumentality established by a county or municipality; any separate corporation or instrumentality established by one or more counties or municipalities, as permitted by law; or any public body charged by law with the performance of a government function or whose jurisdiction is coextensive with one or more counties or municipalities. "Related party" means a party, whether an individual, corporation, partnership, association, limited liability company or any other form or business association or other entity whatsoever, related to any vendor by blood, marriage, ownership or contract through which the party has a relationship of ownership or other interest with the vendor so that the party will actually or by effect receive or control a portion of the benefit, profit or other consideration from performance of a vendor contract with the party receiving an amount that meets or exceeds five percent of the total contract amount.

EXCEPTION: The prohibition of this section does not apply where a vendor has contested any tax administered pursuant to chapter eleven of this code, workers' compensation premium, permit fee or environmental fee or assessment and the matter has not become final or where the vendor has entered into a payment plan or agreement and the vendor is not in default of any of the provisions of such plan or agreement.

Under penalty of law for false swearing (West Virginia Code §61-5-3), it is hereby certified that the vendor affirms and acknowledges the information in this affidavit and is in compliance with the requirements as stated.

WITNESS THE FOLLOWING SIGNATURE

Vendor's Name: Public Works LLC

Authorized Signature: [Signature]

Date: 05/14/12

State of PENNSYLVANIA

County of CHESTER, to-wit: TH

Taken, subscribed, and sworn to before me this 14 day of MAY, 2012

My Commission expires FEBRUARY 15, 2012

AFFIX SEAL HERE

NOTARY PUBLIC

Claudine Spiron

