

## State of Maine Procurement Justification Form

This form must accompany ALL contract requests and sole source requisitions (RQS) submitted to the Division of Procurement Services.

INSTRUCTIONS: Please provide the requested information in the white spaces below.

PART I: OVERVIEW			
Department Office/Division/Program:	Maine Health Data Organization		
Department Contract Administrator or Grant Coordinator:	Karynlee Harrington, Executive Director		
(If applicable) Department Reference #:			
Document Amount:	\$ 20,256.04	Advantage CT / RQS #:	20180518*3681
AMENDMENT	Original Start Date:	5/1/2018	Effective Date:
	Previous End Date:	11/30/2024	New End Date: No change
GRANT	Project Start Date:		Grant Start Date:
	Project End Date:		Grant End Date:
ALL OTHER	Proposed Start Date:		Proposed End Date:
Vendor/Provider/Grantee Name, City, State:	Human Services Research Institute (HSRI) Cambridge, MA		
Brief Description of Goods/Services/Grant:	Health Data Vendor		

PART II: JUSTIFICATION FOR VENDOR SELECTION			
Mark an "X" before the justification(s) that applies to this request.			
	A. Competitive Process		G. Grant
<b>X</b>	B. Amendment		H. State Statute/Agency Directed
	C. Single Source/Unique Vendor		I. Federal Agency Directed
	D. Proprietary/Copyright/Patents		J. Willing and Qualified
	E. Emergency		K. Client Choice
	F. University Cooperative Project		L. Other Authorization

PART III: SUPPLEMENTAL INFORMATION
Please respond to ALL of the following:
<b>1. Provide a more detailed description and explain the need for the goods, services or grant to supplement the response in Part I.</b>
<p>For over ten years MHDO has accessed two episode grouping software tools from 3M to calculate a diagnosis related group (DRG) for each hospital inpatient encounter that we then release to authorized MHDO data users with each quarterly release of our hospital inpatient data. A DRG is a system to classify hospital encounters into one of 999 groups. DRGs are assigned by a "grouper" program based on International Classification of Diseases diagnoses, procedures, age, sex, discharge status, and the presence of complications or comorbidities. The software that the MHDO accesses is the APR-DRG and the MS-DRG; both had been available for years at no cost. A cost is now associated with accessing both DRG tools. The MS-DRG is the least expensive of the two DRG's. It is critical that the MHDO continue to</p>

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### PART III: SUPPLEMENTAL INFORMATION

access the MS-DRG and use it to calculate the DRG's for our own legislative work and for our authorized data users which include organizations like the Maine CDC, MaineHealth, MaineGeneral the University of Southern Maine and others.

#### 2. Provide a brief justification for the selected vendor to supplement the response in Part II.

The MS-DRG is the most widely used DRG software in the country as it was built on the Medicare population. As stated above a DRG is a system to classify hospital encounters into one of 999 groups. Even if the MHDO or the State had the expertise to develop this type of software, it would not make sense to do so because of the accepted use and understanding of the MS-DRG nationally; that is why the MHDO has been accessing and using this software for over 10 years. Additionally, MHDO's data vendor has been working with the MS-DRG software for over 6 years and as such has the environment and expertise to use this complex software to produce the calculations for each inpatient and outpatient encounter.

#### 3. Explain how the negotiated costs or rates are fair and reasonable; or how the funding was allocated to grantee.

The MHDO is requesting a waiver of competitive bidding as the MS-DRG and APR-DRG are open source tools which provide the transparency and credibility needed when applying a DRG calculation to our data. MHDO's experience to date is that the cost 3M has quoted for access to the MS-DRG is lower than access to other grouping software tools that are proprietary. Not accessing the MS-DRG creates a risk to both our internal and external use which outweighs the cost associated with accessing the software from 3M. Especially when our data users pay MHDO an annual fee to access our data.

#### 4. Describe the plan for future competition for the goods or services.

The MHDO is requesting a waiver of competitive bidding to continue to access the MS-DRG and APR-DRG to provide continuity and an open source/transparent methodology in the calculation of DRG's in our data. MHDO's experience to date is that the cost 3M has quoted to access to the MS-DRG and APR-DRG is lower than access to other proprietary grouping software tools.

### PART IV: APPROVALS

<b>Signature of requesting Department's Commissioner (or designee):</b>	<i>By signing below, I signify that I approve of this procurement request.</i>		
	<i>Karynlee Harrington</i>		
<b>Printed Name:</b>	Karynlee Harrington	<b>Date:</b>	12/21/2022
<b>Signature of DAFS Procurement Official:</b>	<small>Designated by:</small> <i>Joseph Zrioka</i>		
	<small>EAB13178102243C...</small>		
<b>Printed Name:</b>	Joseph Zrioka, Director of IT Procurement	<b>Date:</b>	2/17/2023