

**CONTRACT PROPOSAL
INTERIM MANAGEMENT AGREEMENT
March 25, 2010**

The State of Arkansas Department of Human Services (ADHS) has identified administrative and clinical needs within the Alexander Human Development Center (AHDC) and is seeking consultation and support in order to ensure the ongoing provision of high quality services at the facility. In order to address these goals, Developmental Disabilities Health Management (DDHM), has identified a series of objectives that, in collaboration with the ADHS, will be achieved over the next six months. In particular, DDHM will provide the State with interim executive management services in order to coordinate, support and direct a comprehensive performance improvement process. This project will be initiated with initial tours starting on March 29, 2010 followed by the immediate out-posting of an Interim Chief Executive Officer and a Compliance Operating Officer. During the term of this contract, the activities of these key management personnel will be enhanced by on-site and off-site consultation by members of the DDHM Team with expertise in key areas of ICF/MR administrative and clinical operations.

A. Project Objectives:

1. Activity I: Engagement Initiation

Key tasks to be accomplished during this phase of the contract would include:

- Complete contract negotiations
- Establish schedule for deployment of DDHM personnel
- Establish the Project Leadership Team with the Arkansas Department of Human Services (DHS) [REDACTED]
- Develop a reporting structure for oversight of contract and a meeting schedule with accountability/reporting processes
- Review available evaluative materials [REDACTED]

2. Activity II: Management Support and Performance Improvement Plan Development (Month 1)

Key tasks to be accomplished during this phase of the contract would include:

- Deployment of DDHM Interim Management Team
 - [REDACTED]
 - Initiate a brief intensive review and planning process intended to identify organizational strengths and weakness [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]

- [REDACTED]
- Provide ADHS with recommendations regarding long-term organization and management structure of AHDC

3. Activity III: Enhance/Develop Management and Clinical Infrastructure (Months 2 and 6)

Key tasks to be accomplished during this phase of the contract would include:

- [REDACTED]
- Provide support in the development of internal organizational leaders
 - Assist in identification and recruitment of permanent AHDC executive management personnel as needed
- [REDACTED]

4. Activity IV: Performance Assessment (Ongoing)

Key tasks to be accomplished during this phase of the contract would include:

- Develop an on-going internal review process
- [REDACTED]
- [REDACTED]

5. Activity IV: Transition from Engagement (Months 4 through 6)

Key tasks to be accomplished during this phase of the contract would include:

- Assist in finalizing recruitment/management development processes
- [REDACTED]

B. Project Timeframes:

The DDHM project management team will begin project implementation on March 29, 2010 with tours of the facility, interviews with ADHS and AHDC leadership, and review of operational policies, procedures and compliance materials. This will be followed by the immediate posting of an interim Chief Executive Officer (CEO) and Chief Operating Officer/Compliance Manager (COO). The CEO and COO deployment will ensure a regular on-campus presence during business hours. After 30 days, DDHM will present the ADHS with recommendations for the organization structure and staffing of AHDC. Based upon these recommendations, the ADHS will implement an appropriate configuration of senior management and begin recruitment/placement of personnel. Representatives from DDHM will assist ADHS with this recruitment/replacement process. It is anticipated that this process will be completed in sufficient time to provide new leadership a period of integration and transition.

C. Professional Consultation Team:

The DDHM project management team is composed of senior-level, experienced experts with varied backgrounds and with a variety of professional affiliations. In the Interim Management role of DDHM, members of the team will perform the following roles and functions:

- **Project Director and Lead Clinical Consultant:** Theodore Kastner, MD, MS, CPE a physician executive specializing in the care of those with developmental disabilities. He founded and operates Developmental Disabilities Health Alliance, the largest provider of community based health care services to persons with developmental disabilities in the United States. He is a nationally known clinician/researcher in the field of developmental disabilities.
- **Interim Chief Executive Officer and Project Manager:** Claire Mahon, MSW, has more than 30 years experience working in state developmental disability agencies including New Jersey where she initiated and managed the New Jersey HCBS waiver. Ms. Mahon has served a leadership role in performance improvement processes at six ICF/MRs experiencing operational difficulties, operated community-based services as the Executive Vice president of a New York based developmental disability/mental health agency, and provided other consultative experiences with special needs populations. Most recently, she served as interim CEO at Beatrice Developmental Center in Nebraska.
- **Interim Chief Operations Officer and Compliance Manager:** Craig Blum, PhD, a psychologist with experience in a broad range of behavioral healthcare settings serving those with developmental disabilities, mental health problems, physical health problems, and substance abuse; a former Joint Commission surveyor; a change-agent for many programs; and a remediation specialist with many CMS and other oversight surveys. Most recently, he served as interim Compliance Director and project COO at Beatrice Developmental Center in Nebraska.
- **Behavioral Consultant:** Kevin Walsh, PhD, a psychologist with 30 years experience in ICF/MR and community based service organizations. He is nationally known clinical consultant and researcher in the fields of behavioral services and quality improvement in developmental disabilities. He has extensive experience in performance improvement related to ICF/MR, DOJ and CMS regulations.
- **Planning Consultant:** Peter Pastras, MSW, LCSW, a social worker with extensive experience as a program change-agent, regulatory remediation specialist and actively involved in a variety of state-level projects with evaluation, development and oversight responsibility for services to those with developmental disabilities. Most recently, he served as interim project director at Beatrice Developmental Center in Nebraska.

DDHM will deploy a sufficient number of qualified staff to meet the objectives stated earlier in this proposal. Given that the initial assessment has yet to be undertaken, and there is uncertainty regarding the specific needs of AHDC, the following schedule should be considered preliminary for the purposes of establishing the project budget.

D. Project Term and Budget

1. Term

The initial interim management services agreement is budgeted for a term of six months or 26 weeks commencing on March 29, 2010. The term of this contract can be extended in 3 month increments with the mutual agreement of the parties.

2. Personnel Budget and Management Fees:

The personnel budget is based upon the hours projected in the table below.

Budget with Estimated Consultant Times

	Onsite Time ¹ (Days per week)	Onsite Time in 26 week project term (Days)	Offsite Time (Days per week)	Offsite Time in 26 week project term (Days)	Hourly Rate	Maximum Estimated Fees
Project Director/Lead Clinician	1	26	1	26	████████	████████
Project Manager/Interim CEO	1	26	1	26	████████	████████
COO and Compliance Director	1	26	1	26	████████	████████
Behavioral Consultant	1	26	1	26	████████	████████
Planning Consultant	1	26	1	26	████████	████████
████████████████████	0	0	0	0	0	0
████████████████████	0	0	0	0	0	0
Personnel Subtotal						
Project Management Fee						
TOTAL						\$841,920

ADHS will compensate DDHM a monthly project management fee of [REDACTED] per month (or [REDACTED] during the initial 6 month of the project) for designing, implementing and managing all aspects of the AHDC turnaround project.

¹ Time per week is intended as an average.

3. Travel, Lodging, Meals and Other than Personnel Services Budget Itemization:

A detailed budget estimate outlining projected (Other than Personnel Services) expenses will be developed and provided as an attachment to the final Management Agreement. The detailed budget will provide a total budget ceiling for the project incorporating personnel travel, and reimbursement for all direct transportation, lodging and meals expenses.

- Travel related expenses for transportation and lodging will be reimbursed pursuant to DHS policy. These costs are estimated to be \$30,000 for transportation (auto and plane) and \$16,500 for lodging.
- Meals will be reimbursed at a per diem rate of \$45.00 per consultant day for all days spent onsite or in travel to/from the facility (approximately \$13,000).

4. Budget Outline

Total Projected Budget (March 29, 2010 – October 1, 2010)

Personnel Fees:	
Management Fee:	
Sub Total, Personnel and Management Fees:	\$ 841,920.00
Other than Personnel Services (Transportation, Lodging and Meals)	\$ 58,500.00
Total Projected Contract Ceiling	\$ 900,420.00

E. Payment Schedule and Reconciliations:

Upon initiation of this contract ADHS will pay DDHM, in advance, a sum of \$150,000. Beginning May 1, 2010, the ADHS will also make payments of \$150,000 on the first day of each month through and including September 1, 2010 in order to provide sufficient cash flow to sustain the project. Additional payments to DDHM will be made on a cost reimbursement basis, after adjustments. 45 days following the close of each project month, (commencing by June 15th, 2010), DDHM will submit an itemized report for all expenses. The report will include timesheets for all personnel expenses, aggregated into a single report, and an itemized list of expenses. The expense report will be reconciled against the earlier payments identifying any net surplus or deficit of payments from ADHS to DDHM. If any net surplus occurs, the surplus shall be subtracted from the next payment made from ADHS to DDHA. If any net deficit occurs, the ADHS shall make payment to DDHM within 15 days. Accounts not paid within 30 days of the due date will incur a fee of 1.5% per month.

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