

From: John Kunego [mailto:jdk1912@gmail.com]
Sent: Thursday, December 08, 2011 9:10 AM
To: Branch, Jeffrey A. (CMS/CMCHO)
Subject: CNSI Contract in LA

Mr. Branch: I am using a pseudonym in order to remain anonymous because I am unclear whether I would be covered by any whistleblower protection and I cannot lose my employment at this time. I know that you inquired with DHH yesterday regarding the CNSI bond, and I feel compelled to provide you with what I believe are a number of disqualifiers for CNSI. I am not alleging fraud, but I believe that it is dangerously close to being so. If there is an investigation I believe many people will be implicated and I believe that it is in the best interest of the State of Louisiana and the federal government to vacate the award to CNSI and re-procure the MMIS services.

1. CNSI can't obtain a performance bond and ^{new} they couldn't at the time the proposals were submitted. CNSI has a single, major creditor - Bank of America - and BofA has assigned CNSI's account to a "special assets group" inside the bank.. CNSI can't borrow another penny from BofA, which is why they can't get BofA support for a performance bond. If CNSI does produce a bond, it will be an aggregation of surety promises from their subcontractors. I do not believe that this is the intent of the bonding language in the SFP. If CNSI bid prime it would seem clear that CNSI, Inc. needs to post the bond on their own. There is no separate legal entity created for the purposes of submitting the proposal, only teaming agreements. This means, technically, that CNSI can't post the bond on their own and will be coercing the subcontractors to do so. That would appear to be grounds for disqualifying their proposal entirely.

2. CNSI made a profound error in their pricing and their evaluated price is a misrepresentation of their actual costs. The VVS scope of work, to be performed by Sandata, was proposed as part of the mandatory pricing component by all of the three other bidders - Molina, Xerox and HP. Only CNSI put it in "optional" pricing. This means that the CNSI pricing was evaluated differently than the other three. It appears likely that DHH will exercise the optional pricing at the time of the contract signing. This has been acknowledged by DHH and would appear to be preferential treatment for CNSI. This is the second reason why the CNSI proposal should be disqualified. The CNSI price will immediately exceed the \$185 million that has been published and was evaluated as part of the contract award.

3. DHH is asking CNSI to remove one subcontractor - Thomson Reuters - in favor of another - SAS - in order to add additional scope to the CNSI contract and improve their profitability immediately subsequent to the contract signing. CNSI plans to sign the contract with TR included and then make the switch immediately following the contract signing. This is a blatant misrepresentation of intent and borders on fraud.

4. At this point, there are no signed subcontracts for any of the CNSI subcontractors. There is little chance that any of them will be signed prior to the projected project start date of 1/3/12.

5. There are at least five key personnel named in the CNSI proposal who will not be a part of the final project team. At least one of the replacements is not qualified as per the SFP requirements.

Finally, there has been speculation that CNSI has received preferential treatment from DHH because of the relationship between the DHH secretary and the CNSI founders. This is, unfortunately, appears to be true. There has been a continuous communication between the CNSI founders and Sec Greenstein since the procurement process began, including during the time the proposals were being evaluated by DHH reviewers.

The bottom line, Mr. Branch, is that CMS should step in and cancel this procurement and demand that it be re-competed in a fair and unbiased manner. To proceed with the current contract award will be a devastating disaster for the State of Louisiana and the federal government.

Thank you for your consideration and for your service to our country. In the end, remember that 1.2 million financially needy Louisiana residents will be affected by this decision.