

SUPPLEMENTAL AGENDA

Suspension of the Rules Request
ALC/Review Subcommittee

Wednesday, August 15, 2018
1:30 pm, Room A MAC

- A. Department of Human Services Ratification Request
 - 1. Letter from DFA – Requesting Suspension of Rules for Supplemental Agenda for DHS
 - 2. Letter from DHS – Requesting Ratification of Past Expenses
 - 3. Invoices



STATE OF ARKANSAS
**Department of Finance
 and Administration**

OFFICE OF STATE PROCUREMENT
 1509 West Seventh Street, Suite 300
 Little Rock, Arkansas 72201
 Phone: (501) 324-9316
 Fax (501) 324-9311
<http://www.dfa.arkansas.gov/offices/procurement>

August 15, 2018

Senator Bill Sample, Co-Chairperson
 Representative Jim Dotson, Co-Chairperson
 Senator Scott Flippo
 Representative Jeff Wardlaw
 Arkansas Legislative Council (ALC) and
 ALC-Review Subcommittee
 Arkansas Legislative Council
 State Capitol Building, Room 315
 Little Rock, Arkansas 72201

Dear Co-Chairs:

The Department of Finance and Administration ("DFA") previously reviewed professional services and consultant services ("PCS") contracts with a total initial amount or a total projected amount of at least fifty thousand dollars (\$50,000), and the technical and general service ("TGS") contracts with a total initial contract amount or the total projected contract amount of at least one hundred thousand dollars (\$100,000), and timely submitted them for review by the Arkansas Legislative Council as required by Ark. Code Ann. § 19-11-1006(a)(1) and Ark. Code Ann. § 19-11-265(a)(1).

However, the DFA Office of State procurement first learned yesterday, August 14, 2018, that the Office of Long Term Care ("OLTC") of the Department of Human Services ("DHS") was seeking ratification of payment for services that had been provided to the residents of two residential treatment facilities on its behalf in connection with its court-appointment as the receiver of said facilities. More specifically, these expenses were incurred as the results of services DHS OLTC reports were provided by JNBNC, Inc. for the operation of Dierks Healthcare & Rehabilitation Center, LLC. in Dierks, Arkansas, and by TMNC, Inc. for the operation of Spring Place Healthcare & Rehabilitation Center in Hazen, Arkansas for the months of May, June, and July. Because DFA OSP was not aware of these matters until yesterday, there was no time to have them placed on the regular agenda in the ordinary course. However, because the services at issue are critical to the health and well-being of the affected residents of these two facilities, DFA OSP requests that they be heard today, either by suspension of the rules and placement on today's supplemental agenda, or by an emergency meeting, as you deem most fit in your sound discretion.

Respectfully,


 Edward R. Armstrong,
 State Procurement Director



Division of Youth Services

P.O. Box 1437, Slot S501 · Little Rock, AR 72203-1437
 501-682-8654 · Fax: 501-682-1351 · TDD: 501-682-1355



To: Edward Armstrong, Director of Arkansas State Procurement

From: Sarah Collins Linam, Department of Human Services, Office of Procurement

Re: Ratification Request, Nursing Facility Operations

Date: August 14, 2018

The Department of Human Services (DHS) requests ratification of expenses to allow payment for services provided by JNBNC, Inc. for the operation of Dierks Healthcare & Rehabilitation Center, LLC. (Dierks) in Dierks, Arkansas, and TMNC, Inc. for the operation of Spring Place Healthcare & Rehabilitation Center (Spring Place) in Hazen, Arkansas for the months of May, June, and July in addition to expenses incurred by either operator in August up until a formal contract can be entered into. At the present time, DHS is in possession of invoices (attached) for the months of May and June, which include:

Dierks: May (\$8,557.12) and June \$197,242.22
 Spring Place: May \$108,027.32 and June \$185,867.65

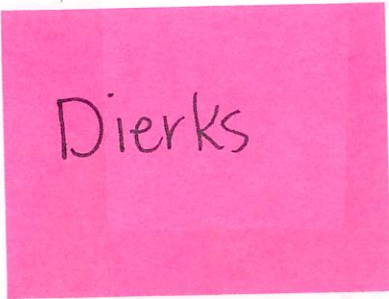
On Thursday, May 3, 2018, DHS, Office of Long Term Care (OLTC) received a complaint that there was not sufficient food to feed the residents of Dierks and Spring Place. That evening, DHS OLTC sent investigators to the facilities and found the allegation to be credible. Friday, May 4, 2018, DHS petitioned for and was granted respective courts for receivership of the two (2) facilities to ensure the health and safety of the residents would be maintained. Because DHS does not have the staff, resources, or expertise in-house to operate nursing home facilities, DHS immediately sought a capable operator. The two (2) entities identified are subsidiaries of Reliance Health, who owns the properties the house Dierks and Spring Place.

DHS erroneously believed that legislative review was not required, as payments would be made from the Medicaid Management Information System (MMIS). It was not until we received invoices that we realized that not all costs associated with the operations of the facilities could be paid from MMIS and other funding sources and methods would be required.

The Office of Procurement staff determined the circumstances surrounding the procurement of an operator for the facilities would likely have constituted an emergency at the time and the emergency procurement process should have been utilized to contract with both JNBNC, Inc. and TMNC, Inc. At this time, we are moving forward with the appropriate procurement process and ask that you ratify payment for services provided up until a lawful contract can be secured.

We apologize for any inconvenience this has caused and thank you for your consideration of this matter. If you have any questions or concerns, please contact me at (501) 396-6078.

INVOICE



JNBNC, Inc.
 824 Salem Rd. Suite 210
 Conway, AR 72034
 (501) 289-8895

INVOICE NO. 1002
DATE 05/31/2018

TO
 Division of Medical Services
 Attn: Kim Russell
 700 Main Street, slot 416
 Little Rock, AR 72203-1437

JOB	PAYMENT TERMS
	May-18 Due on receipt

DESCRIPTION	QTY	AMOUNT	TOTAL
Private Pay Resident Payments	1.00	(\$60,177.51)	(\$60,177.51)
Private Hospice Resident Payments	1.00	(\$5,770.63)	(\$5,770.63)
Medicaid Resident Payments	1.00	(\$90,901.06)	(\$90,901.06)
Medicaid Resident Recoupments	1.00	\$21,754.35	\$21,754.35
Medicaid Hospice Resident Payments	1.00	(\$49,108.09)	(\$49,108.09)
Medicare A Resident Payments	1.00	(\$955.12)	(\$955.12)
Resident Coinsurance Part A Payments	1.00	(\$9,045.00)	(\$9,045.00)
Facility Employee Payroll	1.00	\$63,702.57	\$63,702.57
Employee Health Insurance	1.00	\$5,849.73	\$5,849.73
Utility Past Due Amounts: pd to avoid shutoff and setup new accounts	1.00	\$4,934.75	\$4,934.75
Utility Deposits	1.00	\$6,196.00	\$6,196.00
Utility Payments	1.00	\$75.00	\$75.00
Equipment Purchased & Rented	1.00	\$14,247.29	\$14,247.29
Occupational & Physical Therapy	1.00	\$13,316.10	\$13,316.10
OTC Medications	1.00	\$452.20	\$452.20
Care Related, Medical & Incontinence Supplies	1.00	\$6,358.72	\$6,358.72
Raw Food & Food Supplements	1.00	\$9,124.21	\$9,124.21
Pharmacy & X-RAY Charges	1.00	\$3,819.82	\$3,819.82
Pharmacy Consultants	1.00	\$1,032.26	\$1,032.26
Office Supplies, Bank Service Charges, Printing, Software, & Postage	1.00	\$1,376.54	\$1,376.54
Criminal Record Checks	1.00	\$140.00	\$140.00
Dietary Supplies	1.00	\$795.27	\$795.27
Laundry & Housekeeping Supplies	1.00	\$1,352.24	\$1,352.24
CLIA Lab Fee	1.00	\$150.00	\$150.00
Repairs & Maintenance	1.00	\$6,675.36	\$6,675.36
AR DFA Franchise Tax	1.00	\$153.00	\$153.00
Insurance Premium	1.00	\$17.00	\$17.00
Facility Lease Payment	1.00	\$23,000.00	\$23,000.00
LTC Systems Charges	1.00	\$22,877.88	\$22,877.88
*See attached details on LTC Systems Details tab			
		TOTAL DUE	(\$8,557.12)

Make all checks payable to JNBNC, Inc..

June Invoice JNBNC, Inc

INVOICE

JNBNC, Inc.

824 Salem Rd. Suite 210
Conway, AR 72034
(501) 289-8895

INVOICE NO.
DATE

1004
06/30/2018

TO

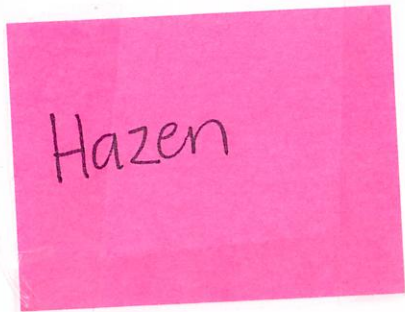
Division of Medical Services
Attn: Kim Russell
700 Main Street, slot 416
Little Rock, AR 72203-1437

JOB	PAYMENT TERMS
June 2018	Due on receipt

DESCRIPTION	QTY	AMOUNT	TOTAL
Private Pay Resident Payments	1.00	(\$49,423.56)	(\$49,423.56)
Private Hospice Resident Payments	1.00	(\$5,295.30)	(\$5,295.30)
Medicaid Resident Payments	1.00	(\$118,573.26)	(\$118,573.26)
Medicaid Recoupments (April QA Fee)	1.00	\$22,822.80	\$22,822.80
Medicaid Hospice Resident Payments	1.00	(\$5,041.79)	(\$5,041.79)
Medicare A Resident Payments	1.00	\$0.00	\$0.00
Resident Coinsurance Part A Payments	1.00	\$0.00	\$0.00
Facility Employee Payroll	1.00	\$188,540.71	\$188,540.71
Employee Health Insurance	1.00	\$5,849.73	\$5,849.73
Utilities	1.00	\$8,595.22	\$8,595.22
Equipment Purchased & Rented	1.00	\$24,049.56	\$24,049.56
Other Fringe Benefits	1.00	\$110.95	\$110.95
Occupational & Physical Therapy	1.00	\$15,558.33	\$15,558.33
OTC Medications	1.00	\$1,912.11	\$1,912.11
Care Related, Medical, Therapy & Incontinence Supplies	1.00	\$8,543.14	\$8,543.14
Raw Food & Food Supplements	1.00	\$14,221.80	\$14,221.80
Pharmacy, Lab & Radiology Charges	1.00	\$4,200.98	\$4,200.98
Pharmacy & Dietary Consultants	1.00	\$2,050.00	\$2,050.00
Resident Activity Supplies	1.00	\$45.00	\$45.00
Bank Service Charges, Office Supplies, Printing, Software, & Postage	1.00	\$4,259.94	\$4,259.94
Criminal Record Checks	1.00	\$457.05	\$457.05
Dietary Supplies	1.00	\$3,612.38	\$3,612.38
AR Health Care Association Dues	1.00	\$462.50	\$462.50
Training	1.00	\$1,620.67	\$1,620.67
Laundry & Housekeeping Supplies	1.00	\$4,740.57	\$4,740.57
Repairs & Maintenance	1.00	\$6,365.56	\$6,365.56
Vehicle Fuel & Maintenance	1.00	\$1,468.88	\$1,468.88
Travel-Related Meals	1.00	\$20.59	\$20.59
Quality Assurance Fee for June	1.00	\$20,188.35	\$20,188.35
Property Taxes	1.00	\$42.27	\$42.27
Advertising	1.00	\$39.08	\$39.08
Resident Trust Account Correction	1.00	\$213.55	\$213.55
Facility Lease Payment	1.00	\$23,000.00	\$23,000.00
LTC Systems Charges	1.00	\$12,584.41	\$12,584.41
*See attached details on LTC Systems Details tab			
TOTAL DUE			\$197,242.22

Make all checks payable to JNBNC, Inc..

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INVOICE

TMNC, Inc.
824 Salem Rd. Suite 210
Conway, AR 72034
(501) 289-8895

INVOICE NO. 1001
DATE 05/31/2018

TO
Division of Medical Services
Attn: Kim Russell
700 Main Street, slot 416
Little Rock, AR 72203-1437

JOB	PAYMENT TERMS
	May-18 Due on receipt

DESCRIPTION	QUANTITY	AMOUNT	TOTAL
Private Pay Resident Payments	1.00	(\$27,964.29)	(\$27,964.29)
Medicaid Resident Payments	1.00	(\$79,922.83)	(\$79,922.83)
Medicaid Resident Recoupments	1.00	\$16,216.20	\$16,216.20
Medicaid Hospice Resident Payments	1.00	(\$18,252.91)	(\$18,252.91)
Employee Payroll	1.00	\$62,266.34	\$62,266.34
Employee Health Insurance	1.00	\$5,006.59	\$5,006.59
Equipment Purchased & Leased	1.00	\$12,360.97	\$12,360.97
Occupational, Physical, & Speech Therapy	1.00	\$10,707.49	\$10,707.49
OTC Medications	1.00	\$1,299.40	\$1,299.40
Medical, Therapy, Incontinence, & Care Related Supplies	1.00	\$9,006.00	\$9,006.00
Raw Food & Food Supplements	1.00	\$14,958.82	\$14,958.82
Pharmacy & IV Charges	1.00	\$3,423.98	\$3,423.98
Pharmacy Consultant Fees	1.00	\$1,064.52	\$1,064.52
Transportation Services	1.00	\$788.40	\$788.40
Resident Activity Supplies	1.00	\$41.49	\$41.49
Office Supplies, Bank Service Charges, Printing, Software, & Postage	1.00	\$1,356.28	\$1,356.28
Criminal Records Checks	1.00	\$140.00	\$140.00
Dietary Supplies	1.00	\$1,352.41	\$1,352.41
Housekeeping & Laundry Supplies	1.00	\$1,314.99	\$1,314.99
Repairs & Maintenance	1.00	\$16,160.26	\$16,160.26
Civil Penalty Fee	1.00	\$10,400.00	\$10,400.00
CLIA Lab Final Fees	1.00	\$150.00	\$150.00
Tires & Fuel for Facility Van, Pressure Washer & Fuel	1.00	\$1,066.48	\$1,066.48
Travel Expenses for Facility Employees	1.00	\$234.90	\$234.90
Replace Resident Clothing	1.00	\$21.90	\$21.90
Driver Report for Driving Facility Van	1.00	\$10.00	\$10.00
Utility Past Due Amounts: pd to avoid shutoff and setup new accounts	1.00	\$2,798.60	\$2,798.60
Utilities - Television	1.00	\$874.67	\$874.67
Utility Deposits	1.00	\$130.00	\$130.00
Facility Lease	1.00	\$25,625.00	\$25,625.00
LTC Systems Charges	1.00	\$35,391.66	\$35,391.66
*See attached details on LTC Systems Details tab			
TOTAL DUE			\$108,027.32

Make all checks payable to TMNC, Inc..

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June Invoice
TMNC, INC

INVOICE

TMNC, Inc.
824 Salem Rd. Suite 210
Conway, AR 72034
(501) 289-8895

INVOICE NO. 1003
DATE 06/30/2018

TO
Division of Medical Services
Attn: Kim Russell
700 Main Street, slot 416
Little Rock, AR 72203-1437

JOB	PAYMENT TERMS
June 2018	Due on receipt

DESCRIPTION	QUANTITY	AMOUNT	TOTAL
Private Pay Resident Payments	1.00	(\$21,811.36)	(\$21,811.36)
Medicaid Resident Payments	1.00	(\$102,772.21)	(\$102,772.21)
Medicaid Recoupments (April QA Fee)	1.00	\$16,543.80	\$16,543.80
Medicaid Hospice Resident Payments	1.00	(\$32,701.19)	(\$32,701.19)
Employee Payroll	1.00	\$165,170.68	\$165,170.68
Employee Health Insurance	1.00	\$5,006.59	\$5,006.59
Utility Deposits	1.00	\$5,825.00	\$5,825.00
Utility Payments	1.00	\$6,439.79	\$6,439.79
Equipment Purchased & Leased	1.00	\$6,412.94	\$6,412.94
Other Fringe Benefits	1.00	\$295.35	\$295.35
Occupational, Physical, & Speech Therapy	1.00	\$22,768.63	\$22,768.63
OTC Medications	1.00	\$422.21	\$422.21
Medical, Incontinence & Care Related Supplies	1.00	\$12,285.66	\$12,285.66
Raw Food & Food Supplements	1.00	\$11,436.57	\$11,436.57
Pharmacy & Lab Charges	1.00	\$1,088.70	\$1,088.70
Consultant Fees: Dietitian, Medical Director, & Pharmacy	1.00	\$4,050.00	\$4,050.00
Resident Activity Supplies	1.00	\$88.74	\$88.74
Bank Service Charges, Office Supplies, Software, & Postage	1.00	\$6,415.33	\$6,415.33
Criminal Records Checks	1.00	\$652.00	\$652.00
Dietary Supplies	1.00	\$3,538.40	\$3,538.40
AR Health Care Association Dues	1.00	\$406.18	\$406.18
Housekeeping & Laundry Supplies	1.00	\$1,175.85	\$1,175.85
Business Privilege License	1.00	\$25.00	\$25.00
Repairs & Maintenance	1.00	\$23,653.19	\$23,653.19
Vehicle Fuel & Maintenance	1.00	\$1,936.20	\$1,936.20
Privilege Tax	1.00	\$25.00	\$25.00
Expenses for Facility-Related Travel	1.00	\$528.15	\$528.15
Quality Assurance Fee - June	1.00	\$13,035.75	\$13,035.75
Replace Resident Television	1.00	\$186.75	\$186.75
Facility Lease	1.00	\$25,625.00	\$25,625.00
LTC Systems Charges	1.00	\$8,114.95	\$8,114.95
*See attached details on LTC Systems Details tab			
TOTAL DUE			\$185,867.65

Make all checks payable to TMNC, Inc..

Charge Details

LTC Systems
 824 Salem Rd. Suite 210
 Conway, AR 72034
 (501) 289-8895

JOB	DESCRIPTION	QUANTITY	AMOUNT	TOTAL
TMNC, Inc. Receivership - June 2018				
	LTC Consultant Work Hours	35.00	\$150.00	\$5,250.00
	Mileage for Consultant travel to facilities in personal vehicles	150.00	\$0.545	\$81.75
	ASP Employee Work - Executive Hours	9.75	\$80.00	\$780.00
	ASP Employee Work - Clerical Hours	50.08	\$40.00	\$2,003.20
TOTAL DUE				\$8,114.95

Make all checks payable to TMNC, Inc..



**Division of Provider Services
And Quality Assurance**

P.O. Box 1437, Slot S530 · Little Rock, AR 72203-1437
501-682-2441 · Fax: 501-682-8155



John Ellis
Director of Operations
Reliance Healthcare

Dear John,

Ark. Code Ann. § 20-10-909 grants a receiver of a long-term care facility authority to engage in various acts that ensure the health, safety, and welfare of residents, including the use of consultants and outside services. Pursuant to this grant of authority, and as Director of the Division of Provider Services and Quality Assurance of the Arkansas Department of Human Services, which has been appointed receiver of Dierks Healthcare & Rehabilitation Center and Spring Place Healthcare & Rehabilitation Center, I have engaged the services of LTC Systems/RX LLC, JNBNC in the day-to-day operations of Dierks Healthcare & Rehabilitation Center and TMNC, Inc. for the day-to-day operations of Spring Place Healthcare & Rehabilitation Center in Hazen, granting JNBNC and TMNC the authority to contract with vendors, staff, and other essential and necessary entities necessary for the operation of the facilities

Sincerely,

Craig Cloud, Director
Division of Provider Services & Quality Assurance
Craig.cloud@dhs.arkansas.gov

Schmidt Kathy

From: Sarah Linam <Sarah.Linam@dhs.arkansas.gov>
Sent: Wednesday, August 15, 2018 12:52 PM
To: Schmidt Kathy
Subject: Revocation Amounts

Kathy,

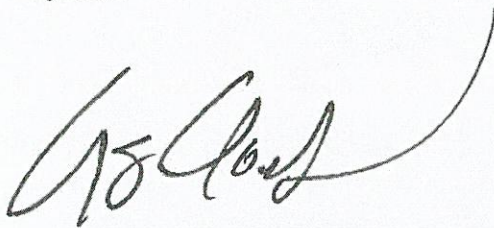
We anticipate (though to date we only have invoices for May and June, not July or the first half of August) that the total revocation funding needed will be \$600,000 per facility – an average of \$150,000 per month.

Sarah Collins Linam, J.D. - Arkansas Department of Human Services
Office of Procurement
Chief Procurement Officer
700 Main Street - Little Rock, AR 72203
Office Phone – 501.396.6078
Mobile Phone – 501.231.1683

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Director of Provider Services & Quality Assurance
Department of Human Services



Director, Department of Human Services