

February 8, 2006

Ed Fennell
Director of Personnel
City of Johnson City
P.O. Box 2150
Johnson City, Tennessee 37605-2150

Dear Ed,

You have asked about the use of an RFP for a “Disease Management Program.” Specifically you want to know two things. First, is an RFP required for such a program, and second, would the use of an RFP be appropriate and worthwhile even if it is not required? You have also noted that the amount of the contract, which is a first-time, trial run contract, will be more than the City’s bid limit, and that someone mentioned this may be reason enough to exempt it from bidding requirements.

I spoke with Sid Hemsley, our Attorney in Knoxville, and he said that first of all it is likely that a “disease management program” is similar to a “wellness” program, and that these types of programs have previously been considered “professional services”, and are thus exempt for the requirement that they be bid (incidentally, the fact that the program is a trial run, first-time program has nothing to do with bid requirements).

However, this does not mean that you wouldn’t want to go ahead and use an RFP anyway. Doing so will allow more than one vendor to make a proposal. It will also allow you to spell out the parameters of what you want and to hear from vendors regarding various ways to deliver the program. Finally, the RFP can serve as the basis for the contract itself.

So all in all it seems that even though you do not have to bid the program or use an RFP it would probably be best to do so anyway. This way you won’t be bound by looking at only one program, because you never know what’s out there and how it can be delivered. Then your group can decide based on the full merits of the proposals, not just on one proposal or on price alone.

Also, soliciting more than one proposal will bring competition into the mix, and that is usually a good thing.

But what we are here calling an “RFP” may really be closer to an “RFQ.” That is, a “Request For Qualifications.” An RFQ first focuses on what service will be provided and only at the end of the process does it look at price, which is really only one consideration and not the main one at that. An RFQ forces you to more closely examine, discuss and determine what it is that you are really looking for, and then reduce that to writing.

It is a fairly extensive process but in your case it may be worthwhile. On our website you will find a publication about the process which includes sample forms (the publication deals with selection of an engineer, but the process is essentially the same for any professional service). You may want to check it out and see if it would be of value in this case. It can be found at www.mtas.tennessee.edu (when there select the “Publications Catalog” from the list on the left and go to the letter “Q” - then you can view or download the “Qualifications Based Selection” publication).

Please let me know if you need anything else. In the meantime good luck with this important and interesting program.

Sincerely,

Patrick Hardy
Municipal Management Consultant