Value and Innovation in Acquisition and Contracting

The Quadruple Aim: Working Together, Achieving Success

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Director, Acquisition Management and Support
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**Report Documentation Page**

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Standard Form 298 (Rev. 8-98)
Prescribed by ANSI Std Z39-18
Topics

- History and Background
- Organization
- Mission
- Contracting Authority
- Regulations/Practices Followed
- Component Acquisition Executive (CAE)
- Roles and Responsibilities
Topics, Cont.

- Workload Statistics
- Performance Based Acquisition
- Acquisition Process
- Acquisition Career Management
- DoD Panel on Contracting Integrity
- AM&S Performance Goals and Objectives
- Current Acquisition Issues
- Summary
History and Background

- DoD Directive 5136.12: The TRICARE Charter
  - Issued May 31, 2001
  - SECDEF established the TRICARE Management Activity’s mission, roles, responsibilities, authorities
  - A DoD Field Activity of the Undersecretary of Defense for Personnel & Readiness
  - The Directorate of AM&S has the primary responsibility for contracting activity in support of TMA mission
AM&S Organization

Acting Chief Functional Officer
Mr. Michael Fischetti

Office of Small Business Programs

Acquisition Efficiencies Manager

Contract Operations Division - Aurora

Acquisition Management Office A Branch

Acquisition Management Office B Branch

Acquisition Policy and Compliance Division/Competition Advocate

Contract Policy and Pricing Branch

Acquisition Oversight and Management/Deputy CAE

Contract Operations Division – Falls Church

Acquisition Information Systems Manager

Information Systems Branch

Acquisition Career Management

HQ Support Branch

Chief of Staff

Property Manager

Staff in Aurora, CO
AM&S Mission

- Component Acquisition Executive
- Head of the Contracting Activity
- Policy and Pricing
- Contracting
  - Health Care Services (Aurora)
  - Information Technology and other Non-Health Care Services (Falls Church)
AM&S Mission, Cont.

- Competition Advocate
- Small and Disadvantaged Business
- Contract Management Systems
  - Contract writing systems
  - DOCUMENTUM
  - Federal Procurement Data System-Next Generation (FPDS-NG)
  - Management Tracking Report (MTR)
- Acquisition Career Management
  - Defense Acquisition Workforce Improvement Act (DAWIA)
AM&S Mission, Cont.

- Contracting
  - Health Care Services
    - Managed Care
    - Pharmacy (Retail, Mail Order)
    - Dental
    - Overseas
    - TDEFIC
    - Designated Providers
    - Health Care Services Support Contracts
      - TCARS, TPHAPS
  - Non-Health Care Services
    - Information Technology
    - Contractor Advisory Services
    - Contractor Support Services
Contracting Authority

- DoD Directive 5136.12, TRICARE Charter
- Defense Procurement and Acquisition Policy (DPAP)
  - Acts as Agency Head for Contracting
- TMA-Head of Contracting Activity (HCA)
  - Issues Contracting Officer warrants
- Contracting Officer
  - The only authorized person to act on behalf of the Government
Contracting Authority, Cont.

- Unauthorized Commitments
  - Ratification
  - Can result in adverse personnel action
- Organizational Conflicts of Interest
- Ethics
Regulations/Practices Followed

- Federal Acquisition Regulations (FAR)
- DoD FAR Supplement (DFARS)
- DoD Directives, Instructions, Manuals
- TRICARE Acquisition Practices (TAP)
- TRICARE Policy Memos
- TRICARE Policy Letters
CAE

- Senior official in TMA responsible for acquisition matters
  - Scope is across Military Health System (MHS) where DHP funds are used
  - Information technology and Acquisition of Services (e.g., TRICARE, IT, other, etc.)

- Reports to the Director, TMA for line management

- Reports to Under Secretary of Defense (USD), (Acquisition, Technology and Logistics) (AT&L) for acquisition management matters

- No statutory or regulatory job experience or certification requirements
  - Mr. Fischetti has Level III certification in Contracting and Program Management
CAE, Cont

- Defense Acquisition Executive (DAE)
  - USD (AT&L)
  - Responsible for supervising the Defense Acquisition System

- Component Acquisition Executive (CAE)
  - Senior official in the DoD Component responsible for acquisition matters
  - Reports to the Component Head administratively and to USD (AT&L) for acquisition management matters
CAE, Cont

- Program Executive Officer (PEO)
  - Typically a general/flag officer or SES
  - Responsible for a group of like programs—dedicated to executive management
  - May not have any other command responsibilities unless waived
  - Statutory requirements for experience, training and Defense Acquisition Workforce Improvement Act (DAWIA) certification
CAE, Cont

- Program Manager (PM)
  - Individual with responsibility and authority to accomplish program objectives
  - Accountable for cost, schedule, and performance
  - Statutory requirements for experience, training and DAWIA certification
Direct Reporting Program Manager (DRPM)
- Meet PM requirements
- Determined by CAE
- Typically a general/flag officer or SES equivalent
- Manage priority programs of such a nature that direct access to the CAE is deemed appropriate
Roles and Responsibilities

- Contracting Officer
  - Oversight of acquisition process
  - Business advisor to senior leadership (PM, SSA)
  - Issues contracts and modifications
  - Issues determinations and findings
  - Testifies before Government Accountability Office (GAO)
  - Liaison between Government and contractor
Roles and Responsibilities, Cont.

- Contracting Officer, Cont.
  - Contract administration
    - Approves contractor payment
    - Oversight of contractor business systems
    - Change orders
    - Negotiation/Settlement of requests for equitable adjustment
    - Claims
    - Contractor performance management
    - Contract closeout
Roles and Responsibilities, Cont.

- Contracting Officer, Cont.
  - Delegates, in writing, oversight of technical requirements to the Contracting Officer’s Representative (COR)
  - Provides direction and assistance to contractor
Roles and Responsibilities, Cont.

- Contracting Officer Representative (COR)
  - Reviews contract deliverables and provides recommendations
  - Identifies contract deficiencies and monitors corrective action plans
  - Provides support to CO on behalf of TRO Director or Program/Project Manager
  - Accepts provided services on behalf of the CO and authorizes contractor payment
Roles and Responsibilities, Cont.

- COR, Cont.
  - Conducts on-site reviews
  - Performance Assessment Tracking (PAT) and Contractor Performance Assessment Reporting System (CPARS) input
  - Performs technical evaluations as requested
  - Assists in transition activities
Roles and Responsibilities, Cont.

- **Source Selection Authority (SSA)**
  - Insures integrity of the source selection process
  - Selects the source selection team
  - Approves the source selection plan
  - Makes source selection determination representing the “best value” to the Government
  - Testifies before the GAO

- **Office of General Counsel**
  - Provides legal counsel to the Program Manager, Contracting Officer and SSA
  - Defends award decision in the event of protest
Workload Statistics

- Health Care Services Contracts
  - 1535 contractual actions (FY10)
  - $10.9 billion (FY10)
  - Major contractors
    - Healthnet, Inc.
    - Humana, Inc.
    - AEA International Holding
    - Triwest Healthcare Alliance
    - Express Scripts, Inc.
    - Wisconsin Physician Services
    - Meridian Resource
    - Delta Dental
Workload Statistics

- IT and Non-Health Care Services Contracts
  - 1,655 contractual actions (FY10)
  - $2.3 billion (FY10)
  - Major contractors
    - SAIC
    - Deloitte, LLP
    - Planned Systems International
    - Axiom Resource Management
    - Irving Burton Associates
    - Veritas Capital
    - Northrop Grumman
Performance-Based Acquisition

- Performance work statement
  - Measurable outcomes vs. proscriptive methods

- Measurable performance standards
  - Defines acceptable performance
  - Determines if requirement has been met

- Remedies
  - Standards if performance not met
  - Incentives if performance is exceeded

- Performance assessment plan
  - How contractor will be measured
    - Quality assurance surveillance plan (QASP)
    - Quality assurance plan
Acquisition Process

Mission Need
- NDAA
- Policy Change
- PM Appointment Letter

CONOPs
- Program Management Plan
- Schedule/Milestone chart

Requirement Development
- Charter
- IPT Formation
- Requirement Development
- IPT Conferences
- Market Research

Leadership Approval

Acquisition Strategy
- Complete first draft Acquisition Plan/ Acquisition Strategy

Resourcing
- IGCE
- Work with OCFO on spending plan

Draft RFP Release
- Collect industry comments, revise RFP if necessary.
Acquisition Process, Cont.

- RFP Release
- Proposal Receipt
- Discussions/FPR
- SSAC
- SSA
- Award

**Evaluation**

- RFP Release:
  - Prepare to open solicitation
  - Peer Review

- Proposal Receipt:
  - CO Responds to RFP Questions
  - RFP Amendments

- Discussions/FPR:
  - Peer Review

- SSAC:
  - Review SSEB Report
  - Develop Best Value position to present to SSA.

- SSA:
  - Review SSAC Report, make Best Value Source Selection Decision

- Award:
  - Debriefings of successful and unsuccessful offerors.

- Peer Review
Acquisition Process, Cont.

Post-Award Conference
- Monitor Contractor Transition Activities
- Weekly transition meetings
- Monitor Transition Schedule

Transition Activities
- DIACAP ATO
- Integration testing
- Benchmark Testing

Communications Plan

Start of Healthcare Delivery
- Contractor Readiness Reviews
- Program Management Reviews (PMR)

“Normal” Operations
- Customer Service Surveillance
- Surveillance of Contractor Performance and reporting

Start of Healthcare Delivery
- “Normal” Operations

2011 MHS Conference
Acquisition Career Management

- Defense Acquisition Workforce Improvement Act (DAWIA)
  - Acquisition career fields
    - Auditing
    - Business
    - Contracting
    - Program Management
    - Information Technology
    - SPRDE*
    - Facilities Engineering
    - Property Management
    - Life Cycle Logistics
    - Production, Quality & Manufacturing
    - Purchasing
    - Test & Evaluation
  - Training
    - On-site
    - Distance learning
    - Local university/college equivalencies
    - Fulfillment
  - Certification
    - Level I, II, or III in chosen acquisition career field
    - Education
    - Training
    - Experience

*Systems Planning, Research Development, and Engineering
DoD Panel on Contracting Integrity

- Contracting integrity
- Sustained senior leadership
- Capable contracting workforce
- Adequate pricing
- Appropriate contracting approaches and techniques
- Sufficient contract surveillance
Panel on Contracting Integrity, Cont.

- Contracting integrity in a combat/contingency environment
- Procurement fraud indicators
- Contractor employee conflicts of interest
- Recommendations for change
- Evaluation on contractor business systems
- Peer reviews
AM&S Perf Goals and Objectives

- High-performing acquisition organization
- Meet MHS Mission Requirements
- “Tone at the Top”—highest standards
  - Professionalism
  - Integrity
  - Ethics
  - Sound policies, procedures and principles
  - Conflict of interest checks and balances
  - Educated/Trained workforce IAW DAWIA
  - Responsibility and accountability
  - Transparency, where appropriate
  - Measures/metrics for contract performance
  - Benchmarking--process improvements and best practices
AM&S Goals and Objectives, Cont.

- Adhere to Best Practices; ie. DoD 5000.2, Enclosure 9, Acquisition of Services
- Acquisition-centric project management (Milestone Decision Authority, PEO, PM, SSA)
- Clearly defined PM structure and approval authorities
- Project management core documents
  - Strategic planning
  - Acquisition planning
AM&S Goals and Objectives, Cont.

- Milestone production and progress reporting
  - Requirements validation
  - Accountability for quality, cost, schedule
  - Formal project management reviews (PMRs)

- Ensure a fair and reasonable price for the taxpayer and a healthy profit for industry we contract with
Current Acquisition Issues

- Acquisition of services
- Decreasing contract spending smartly
- Improved efficiency and productivity in spending
- Improving acquisition transparency
- Increasing opportunities through competition
- Strategic Sourcing
- Improving the acquisition workforce
- Ethics, integrity and accountability
- Improving DoD acquisition requirements development
- Increasing small and disadvantaged business participation
- Ability One
- Green procurement
- Ethical and Professional business practices
Summary

- Improving the business deal for the MHS through proper incentives and business practices
- Increasing opportunities for MHS present and prospective contractors
- Continuously improving the quality and effectiveness of the acquisition process
- Do “more without more”
- Use sound program management and contracting tools and techniques
  - Cost, schedule, performance
  - Accountability and transparency at every level
- Continuously improve workforce capabilities
- Set the highest personal and professional standards