

CNSI Initiates Legal Action Against State Of Louisiana

Baton Rouge, LA—Attorneys for Client Network Services, Inc.

Baton Rouge, LA—Attorneys for Client Network Services, Inc. (CNSI) filed a petition in Louisiana state court today, seeking a declaratory judgment against the state and alleging the bad faith breach of contract in the state's termination of CNSI's contract with the Louisiana Department of Health and Hospitals. The petition also seeks financial damages including fees for all services performed to date, reimbursement for all costs incurred by CNSI in the performance of its work for the state, as well as unspecified financial damages owing to the reputation and business damage suffered by the company. The petition alleges the "sudden, precipitous, unilateral and unjustifiable termination" of its contract to implement, operate, and manage the state's Medicaid Management Information System (MMIS).

Specific defendants named in the suit are the State of Louisiana, Louisiana Department of Health and Hospitals (DHH) and state Division of Administration (DOA). Governor Bobby Jindal, DHH Interim Secretary Kathy H. Kliebert, DOA Commissioner Kristy Nichols and the state's purchasing director, Sandra G. Gillen, are also named as defendants in their official governmental capacities. According to the petition, while CNSI's contract with the state allows for termination of the contract should CNSI fail to comply with the contract or fail to fulfill its performance obligations, the state has yet to document how and when such failures might have occurred. "DHH and the Administration continue to lob vague accusations against CNSI without producing one shred of evidence that termination of the contract is justified under the contract, " said Kathryn Harris, Senior Vice President and General Counsel for CNSI. Harris notes that "despite repeated

attempts under the Louisiana Public Records Law to obtain meaningful documents that may shed light on the rationale for CNSI's dismissal, the state has failed to provide substantive documentation in response to the request."CNSI's suit points out that the company was dismissed despite receiving praise from DHH's second highest ranking official less than one month prior to the contract's termination.

In fact, a February 14, 2013 letter of recommendation by DHH Undersecretary Jerry Phillips praises "CNSI's proven project methodology" as a "model solution" for Medicaid management. Phillips's letter was sent to his peers in the State of Arkansas. Phillips's letter also states that "CNSI has shown the commitment, investment in resources, and tenacity needed to implement such a complex system. Most importantly, CNSI has done an excellent job interacting with all the different state stakeholders and external stakeholders such as the incumbent MMIS vendor and the provider community, which is essential to the success for a project of this magnitude."CNSI's petition also takes issue with the state's allegation that purported communication between then-Secretary of DHH Bruce Greenstein and company representatives may have influenced the award process and the contract between CNSI and the state. According to the petition, proposals were evaluated through a state mandated procedure involving sixty (60) evaluators on eleven (11) teams with the technical aspects of the proposals then being evaluated by ten (10) Technical Evaluation Teams which reviewed all proposals.

The process resulted in a highly competitive procurement where technical evaluation scores between CNSI and the highest scorer was less than 90 points out of 4, 000. Costs were then reviewed separately in order to avoid influencing the outcome of the technical reviews. Technical and cost scores were then combined which determined that CNSI was the highest ranking bidder. According to the suit, Greenstein "was not part of any evaluation teams and played no role in the evaluation

process.”CNSI’s suit also points out that the termination of its contract means the Department’s longtime incumbent vendor, Molina, which failed to achieve the minimum technical points to even earn final consideration during the 2010-2011 procurement process, now retains the approximately \$50 million per year contract with an antiquated system. “Regrettably, the biggest losers here are the taxpayers of Louisiana who will continue to be saddled with a more expensive and outdated Medicaid Management Information System and who will now foot the bill for another costly and drawn out procurement process,” Harris said.

About CNSI

CNSI delivers a broad portfolio of information technology (IT) and business process outsourcing (BPO) solutions to a diverse base of federal, state and local government agencies, and commercial enterprises. The firm helps clients improve business performance and align IT with their mission and business objectives. CNSI has established strong domain expertise in prominent industries, including Health, Defense and National Security, Government IT and Enterprise Mobility. CNSI employs a world-class team of technologists, program managers, and subject matter experts, all of whom have experience with large scale mission-critical IT implementations. Formed in 1994, CNSI is headquartered in Gaithersburg, Maryland, with locations throughout the U.S. and India. Learn more about CNSI solutions at: <http://www.cns-inc.com>

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