

**OFFICE OF THE CONTRACTOR GENERAL
OF JAMAICA**

Monitoring and Investigation Report

On the Tendering and Tendering Evaluation Processes and on the
Recommendations for the Award of a Contract for the Government
Employees Administrative Services Only (GEASO) Health
Insurance Scheme to Life of Jamaica Limited (LOJ)

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1. INTRODUCTION

The Office of the Contractor General (OCG), acting on behalf of the Contractor General, commenced its sustained monitoring of the tender-invitation and tender-evaluation processes of the Government Employees Administrative Services Only (GEASO) Health Insurance Scheme contract procurement in September 2006.

The OCG undertook its monitoring of the GEASO contract procurement process pursuant to the provisions of Section 4 (1) of the Contractor General Act which sets out the primary mandates of the Commission of the Contractor General.

Section 4 (1) of the Act provides, *inter alia*, that “... it shall be the function of a Contractor General, on behalf of Parliament, to monitor the award and implementation of government contracts with a view to ensuring that such contracts are awarded impartially and on merit ... (and) the circumstances in which each contract is awarded ... do not involve impropriety or irregularity.”

The OCG’s interest in this matter, however, predates the commencement of its sustained monitoring of the subject tender process in September 2006. Details of this prior interest have been previously recorded and reported at pages 15-19 of the Contractor General’s 2006 Annual Report to the Parliament of Jamaica. (See **Appendix 1**).

The OCG has proactively monitored the tender and tender evaluation processes of the GEASO health scheme contract between September 2006 and May 2007. In June 2007, a decision was taken to initiate a formal review and assessment of the matter and to produce a formal Report thereon.

In conducting its assessment of (a) the referenced tendering and evaluation processes and (b) the Ministry of Finance’s recommendations for the award of the GEASO contract to Life of Jamaica Limited (LOJ), the OCG thoroughly examined the following documents, among others:

1. Ministry of Finance and Planning Request for Proposal (RFP) for the GEASO Health Scheme, AD&D Insurance and Overseas Emergency Health Insurance;

2. Memo to “all interested Insurers/Brokers” from the Financial Secretary regarding the MOFP invitation to Tender – GEASO Health Scheme, AD&D Insurance and Overseas Emergency Health Insurance.
3. Tender Receival Form outlining the results of the opening of the bids;
4. Actuarial Report on the Evaluation of Tenders for the GEASO Health Scheme; and the
5. Ministry of Finance and Planning’s Tender Report on the GEASO Health Scheme contract.

Out of an abundance of caution, and in an effort to confirm the credibility of its findings, upon the conclusion of the OCG’s review and assessment of the matter, a Draft copy of this Report was prepared and formally submitted to the then Minister of Finance and Planning, Dr. The Hon. Omar Davies, for his review and response. The OCG’s Draft Report was submitted to Dr. Davies under cover of a letter which was dated July 13, 2007. (See **Appendix 7**).

In the OCG’s letter of July 13, 2007, Dr. Davies was unequivocally advised, *inter alia*, as follows:

“The subject Draft Report seeks to summarize the OCG’s assessment, as at June 2007, of the Tendering and Evaluation Processes which have led to your Ministry’s Recommendation, to the National Contracts Commission (NCC), to award the subject GEASO Health Scheme contract to Life of Jamaica Limited (LOJ).

As you are no doubt aware, our assessment is based primarily upon the documentation which your Ministry has so far provided to us and to the NCC.

In the circumstances, if your Ministry is privy to any information which could materially alter any of the observations which we have made or the Conclusions which we have arrived at in our Report, we are hereby requiring you to provide same to the OCG, in writing and at our Offices, no later than 3.00 PM on Friday, July 20, 2007’.

Despite the foregoing, no response to the subject requisition was ever received by the OCG from Dr. Davies or from the Ministry of Finance.

It is important to note that, except for differences in the title and Introduction sections of the two (2) Reports, and except for the addition to this Report of its Section #9, the Draft Report which was previously submitted to Dr. Davis for his review (inclusive of the observations and Conclusions which were stated therein) was, in all respects, identical to this Report.

It is also instructive to record that the findings and Conclusions which are outlined in this Report fully substantiates the positions which were conveyed by the OCG as at June 14, 2007, when the OCG first wrote to the Ministry of Finance and Planning to advise the Ministry, *inter alia*, of the OCG’s determinations in the matter as at that date. (See **Appendix 2**).

The final section of this Report, namely Section #9, outlines certain critical developments which have arisen in respect of the GEASO Health Scheme contract procurement matter between May 30, 2007, when the NCC endorsed the Ministry of Finance's Recommendation to award the GEASO contract to LOJ, and October 12, 2007.

Among these developments, were certain unsubstantiated charges which were widely reported in the Media and which were alleged to have been made by certain members and/or representatives of the GEASO Monitoring Committee and others.

One of the primary charges which was advanced was that the GEASO Health Scheme contract tender evaluation process was "flawed" because (a) the GEASO Monitoring Committee was wrongfully denied a participatory role in the evaluation of the tenders and/or that (b) LOJ's tender was wrongfully selected as the winning tender because Blue Cross of Jamaica had secured a higher score of **104** points to Life of Jamaica's **96** points in the Consulting Actuary's preliminary evaluation of the tenders.

The OCG hopes that by publishing this Report, together with its analyses, discussions, findings and Conclusions, to the Parliament and People of Jamaica, these alleged charges will be shown to be devoid of merit and to be incapable of any credible substantiation.

The OCG is also confident that by publishing this Report, clarity, understanding, transparency and, above all, credibility, will be brought to the relevant technical considerations which have guided the Ministry of Finance's Recommendation (and the NCC's formal evaluation and endorsement of that Recommendation) to properly award the GEASO Health Scheme contract to Life of Jamaica Limited and to reject the recommendations of the Consulting Actuary.

This Report is being submitted to the Parliament of Jamaica as a Monitoring and Investigation Report under the discretionary powers which are reserved to the Contractor General by Section 28 (2) of the Contractor General Act.

2. BACKGROUND

The GEASO Health scheme was originally put to tender in September 2006. However, due to deficiencies in the Request for Proposal (RFP), which were identified by the OCG during its routine monitoring of the procurement, the tender was withdrawn to allow for the necessary adjustments to be made to the RFP.

A meeting was held with the Director of Licenses and Permits, OCG and a Senior Representative of the Ministry of Finance and Planning (MOF&P) at the Office of the Contractor General at 9:00 am on Friday, September 29, 2006. The purpose of the meeting was to discuss the Tender Document for the GEASO health insurance scheme that had been publicly advertised, by the MOF&P, for a return date of October 27, 2006.

The Tender Document, which was dated August 2006, was presented to the OCG for review on September 28, 2006. Hence the review was conducted “on spot” using the printed document and making the adjustments in the document while speaking with the MOF&P Representative.

The following are the shortcomings that were identified by the OCG in the Tender Document, and which had to be remedied before the Tender Document could be considered complete:

- No evaluation criteria and methodology;
- No specific tender opening time;
- No clear indication of the responsiveness criteria;
- Clause 2.2 (Validity Period) should read 120 days;
- Contradicting clauses e.g. 2.9.1 vs. 2.9.2;
- Revamp the wording for clause 2.10.2 to read “Late tenders must not be accepted”;
- Clause 3.3.1 does not reflect the contract award process;
- Clause 3.2.2 appears unfair and onerous;
- Clause 3.2.4 requires explanation as to how the negotiation will be achieved.

At the end of the meeting, the MOF&P Representative was informed that the recommendations would be sent to the MOF&P in writing for its action.

The original tender notice, which had a return date of October 27, 2006, was publicly withdrawn on October 22, 2006 to facilitate the correction of the deficiencies in the Tender Document which were identified by the OCG.

The OCG was not availed the opportunity to review the revised tender document before it was reissued by the MOF&P in December 2006. However, the OCG's subsequent analysis of the original Tender Document which was dated August 2006, and the amended Tender Document which was re-issued in December 2006, revealed the following:

- The amended document was more comprehensive.
- The new Tender Document incorporated the amendments which were recommended by the OCG as well as other amendments which were identified by the MOF&P. The amendments included:
 - (a) A detailed Evaluation methodology and criteria;
 - (b) Evaluation criteria with weightings;
 - (c) Statement of paid up claims report from 2002;
 - (d) Summary of benefits from 1999 to present;
 - (e) Reinsurance claims report;
 - (f) Number of family and individual subscribers;
 - (g) AD&D claims experience;
 - (h) Non responsiveness clause;
 - (i) Award criteria;
 - (j) Paid Claims and Claims charged for the GEASO Scheme 2002-2006;
 - (k) GEASO Health Scheme benefits to be costed;
 - (l) AD&D Insurance Plan – Benefits Scheme;
 - (m) Current Membership distribution for the GEASO Scheme;
 - (n) Re-insurance Claims experience.

3. INVITATION TO TENDER

The amended RFP indicated the following broad categories of services to be provided in respect of the three components of the GEASO.

1. Administrative Services Only (ASO) in respect of the GEASO health scheme.
2. Insurance services in respect of the Overseas Emergency Medical (OEM).
3. Insurance services in respect of the Accidental Death and Dismemberment (AD&D) Insurance Plan.

Bidders were allowed to submit alternative benefit packages from those options specified in Schedule 1 of the RFP (*A copy of Schedule 1 is attached as **Appendix 'A'** to this Report*). The bidders were advised that the MOF&P would consider awarding separate contracts for any one or two of the three components, or a single contract covering all three components.

Bidders were required to submit two identical copies of each proposal in a plain sealed envelope. Eligible Life Insurance companies were allowed to submit proposals for all three programmes, or any one or two. Bidders were to indicate clearly which programme /programmes they were submitting proposals for.

4. RETURN & OPENING OF BIDS

The scheme was re-tendered in December 2006, at which time four (4) companies submitted proposals before the stipulated closing deadline of 3:00 p.m. on January 12, 2007. Proposals were opened publicly at 3:15 p.m. on January 12, 2007 and the tender prices submitted by the four bidders were read out. Persons present at the tender opening were:

Ms Orlene Thomas	-	Coke & Associates /Eckler Partners
Ms. Rachel Solomon	-	Ministry of Finance & Planning
Mrs. Shirley Gayle-Sinclair	-	“
Ms. Cecile Clare	-	“
Ms. Janet Mitchell	-	“
Ms. Cecile Dixon	-	“
Ms. Erica Barnes	-	“
Mr. Dennis Townsend	-	“
Mrs. Claudia Ferguson	-	GEASO Monitoring Committee (Chairman)
Mrs. Edith Allwood – Anderson	-	“ (Member)
Mr. Reginald Cornwall	-	Office of the Contractor General
Mr. Maurice Barrett	-	“
Mr. Percival Griffiths	-	“

Representatives were also present from the following companies:

Allied Insurance Brokers	-	Two (2) persons
Blue Cross of Jamaica Ltd.	-	Four (4) persons
Guardian Life Ltd.	-	Two (2) persons
Life of Jamaica	-	Two (2) persons

Bids were submitted and read out as follows: (*See Appendix ‘B’ to this Report - Tender Receipt Form*):

	ASO	OEM	AD&D
Blue Cross of Jamaica Ltd	Existing: \$1,771,798,593 Option 1: \$2,248,781,991 Option 2: \$2,619,452,244 Option 3: \$3,098,234,655 Option 4: \$2,156,114,427	\$36,182,700	\$7,839,585
Life of Jamaica Ltd	Option 1: \$2,189,584,776 Option 2: \$2,942,915,601 Option 3: \$3,495,663,412 Option 4: No quote	\$29,994,312	\$5,327,937
Allied Insurance Broker Ltd	No Quote for all options	Guardian Like for Like \$100,339,200	American Home Like for Like \$4,522,500 Guardian Like for Like \$6,391,800 American Home (Alternative Like for Like) \$6,030,000 Guardian (Alternative Like for Like) \$8,522,400
Guardian Life Limited	Option 1: \$2,271,725,000 Option 2: \$2,760,215,000 Option 3: \$3,305,108,000 Option 4: No quote	\$99,511,250	Option 1: \$5,197,560 Option 1a: \$9,862,600

5. EVALUATION OF THE PROPOSALS

The Consulting Actuarial firm, Coke and Associates/ Eckler Partners, was engaged by the Ministry of Finance and Planning by the Sole Source method of procurement to evaluate the proposals. Proposals which were deemed to be substantially responsive to the RFP would be compared by applying the criteria and points system which were established in the Evaluation Criteria.

The following verbatim extract is taken from pages 14 – 16 of the Request for Proposal:

“22. EVALUATION METHODOLOGY & CRITERIA

- i The external Consultants appointed by the MOF&P will evaluate the proposals on the basis of their responsiveness to the RFP.
- ii In order to obtain the most advantageous offer for the MOF&P the Ministry reserves the right at its sole discretion to accept any single or two or all three eligible quotations, if assessed to be in the best interest of the staff. That is, ASO Contract and /or the Emergency Health Insurance Contract and /or the AD&D Insurance Contract. *(Emphasis added)*.
- iii Comparisons will be made of tender proposals that are substantially responsive to the RFP, applying the criteria and points system established in the Evaluation Criteria.
- iv Qualitative factors like demonstrated understanding of the size, peculiarities and complexities of the administration and funding of an ASO health contract, readiness for membership set-up and start-up as well as the clarity of the proposals will also be factored into the assessment.
- v The subscription rates and/or premium rates must be competitive. If proposed by a broker on behalf of an insurance company, these must be substantiated by the same system which applies for the assessment of tenders for the placement of insurances for Government agencies i.e.:
 - All tenders must contain Brokers Slips, which are signed, stamped and dated as evidence, substantiating Insurers' quotations. In the case of overseas correspondence brokers, supporting broker's slips signed by at least the lead underwriter.
 - Sharing risks between two (2) or more insurers (Split policies) – Brokers are required to provide documentary evidence indicating that each insurer is aware of and is in agreement with the rates and terms that may be quoted.

- vi The Administrative Fees (ASO Contract) must be cost effective. (*Emphasis added*).
- vii A short list of tenderers that submitted substantially responsive proposals which satisfy the minimum 80 points may be prepared and invited to an interview by the a team consisting of the Consultants, MOF&P and some members of the GEASO Monitoring Committee.
- viii The recommended proposal/s has / have to be approved by the MOF&P, endorsed by NCC and approved by the Cabinet before the contract/s may be awarded. (*Emphasis added*).
- ix Proposals will be considered solely on the basis of a business arrangement with the Insurer without any offers of donations scholarships or similar *quid pro quo.*”

The following verbatim extract is taken from page 16 of the Request for Proposal:

“22.1 **EVALUATION CRITERIA**

- (i) The following are the points that were allocated for the GEASO RFP.

Description	Maximum Points
Specific experience of the Tenderer related to the services required	10
Qualification and experience of key staff to be assigned	10
Suitable Administrative System & adequate capacity	30
Comprehensive existing provider network	15
Detailed description of the services to be provided	5
Adherence and responsiveness to the RFP	5
Proposal for administrative set-up and start-up	10
Technical expertise re setting of joint monthly subscription rates	10
Claims processing system	10
Administration Fees	7.5
Coordination of Govt. Health Benefits (NHF, JADEP, etc.)	7.5
Total	120
* Proposal must attain at least 80 points to be considered	

- (ii) For the Emergency Overseas Health Insurance the assessment will have regard to:
 - Premium rate
 - Claims system
 - Benefits levels
 - Provider Network
 - Reinsurance arrangements
- (iii) For AD&D Insurance the dominant criterion is competitive premium rates.“

Evaluation by Actuarial Consultant

The proposals were evaluated by the Consulting Actuary, Coke & Associates/Eckler Partners, in accordance with the established evaluation criteria which were set out in the RFP Document.

According to page 3 of the Consultant's report,

“1.5 The RFP pointed out that the external Consultants appointed by MFP would evaluate the Proposals on the basis of responsiveness to the RFP. Proposals deemed substantially responsive to the RFP would be compared by applying the criteria and points system established in the Evaluation Criteria. Proposals for the ASO contract would have to be awarded a minimum score of **80** points out of a maximum total of **120** in order to be considered further for the award of contract.” *(Emphasis added)*.

1.6 Qualitative features to be factored into the assessment include, but are not limited to, the following:

Demonstrated understanding of the size, peculiarities and complexities of the administration and funding of an ASO health scheme;

Island Wide Provider Network for all relevant services;

Efficient Administration System including Information Technology;

Good Record for Claims Adjudication and Settlement;

Readiness for membership set-up and start-up;

Clarity of the Proposal/Proposal;

Actuarial Competence to Quote Appropriate Subscription Rates;

Competitive Premium Rates;

Cost Effective Administrative Fees.”

The Consultant's report further stated the following at page 15 under the heading “**THE PROPOSALS – ASO CONTRACT**”:

“The scores allocated in respect of the three Bidders who tendered for the ASO contract, compared to the maximum attainable points for each of the Evaluation Criteria, are as follows:

Evaluation Criteria	Maximum Points	POINTS AWARDED		
		GL	BCJ	LOJ
Specific Experience of the Tenderer related to the services required	10	8	10	6
Qualifications and experience of key staff to be assigned	10	8	9	8
Suitable Administrative System & Adequate Capacity	30	20	27	26
Comprehensive Existing Provider Network	15	12	12	12
Detailed description of the services to be provided	5	3.5	4	4
Adherence and responsiveness to the RFP	5	3	4	4
Proposal for administrative set-up and start-up	10	7	10	9
Technical expertise re setting of joint monthly Subscription Rates	10	3	8	8
Claims Processing System	10	8	8	8
Administration Fees	7.5	5.5	7	6
Coordination of Government Health Benefits	7.5	4	5	5
	120	83	104	96

Each scored more than the minimum **80** points which are a prerequisite for consideration for the award.”

The results of the evaluation for the ASO contracts with respect to the scores attained by the three bidders were as follows:

- Blue Cross of Jamaica - 104 points
- Life of Jamaica - 96 points
- Guardian Life - 83 points

The Consultant undertook a breakdown of the three qualified Insurers’ financial strength and profiles. They reported that:

- a. Blue Cross of Jamaica Limited, “...For the year ending 2005 December 31: Net premiums Earned **JS\$1.91 Billion**, Asset base **JS\$1.86 Billion**, Net Surplus **JS\$150.6 Million**”;
- b. Guardian Life Limited, “... For the year ending 2005 December 31: Net premiums Earned **JS\$2.61 Billion**, Asset base **JS\$21.5 Billion**, Net Surplus **JS\$200.7 Million**”;
- c. Life of Jamaica Limited, “... For the year ending 2005 December 31: Net premiums Earned **JS\$7.0 Billion**, Asset base **JS\$27.8 Billion**, Net Surplus **JS\$2.0 Billion**”.

The Actuary commented that “The financial data do not disaggregate premium income into health and life premiums. Both LOJ and GL operate a few ASO health contracts. This was gleaned from the client references provided. BCJ on the other hand operated the three largest ASO contracts in Jamaica – the GEASO, the GPASO, and NI-Gold... All have wide coverage of medical facilities island wide.”

The Actuarial Consultants, in concluding the evaluation of the proposals, failed to make a definitive recommendation as to which company should be awarded the entire contract for ASO, OEM and AD&D. Instead, the Consultants, on pages 46 – 47 of the report, summarized their recommendations as follows:

“In **Scenario 1**, BCJ would be awarded the ASO Health Scheme only and LOJ the two insurance policies – AD&D and OEM. In **Scenario 2**, BCJ would be awarded both the ASO Health Scheme and the OEM Insurance but LOJ the AD&D insurance only. For either **Scenario** the GEASO joint Monthly Subscriptions would be paid to the Administrator of the GEASO Health Scheme who would allocate and pay over the insurance premium/premiums, as the case may be.

9.2. We now summarize our main recommendations.

- (i) The option Benefits Schedule should be the one to be effective for the first contract year of the triennium, subject to the Sum Insured under AD&D being uplifted from **\$150,000** to **\$200,000**.
- (ii) Blue Cross of Jamaica Ltd. should be re-appointed as Administrator of the GEASO Health Scheme for the triennium 2007/08 to 2009/10.
- (iii) For the triennium 2007/08 to 2009/10, the placing of the OEM and AD&D insurance policies should, at the option of the MFP and GEASO Monitoring Committee, be:
Either both with LOJ (**Scenario 1**)
Or the OEM with BCJ and the AD&D with LOJ (**Scenario 2**)
- (iv) The savings from adopting **Scenario 1** over **Scenario 2** would be of the order of **\$5.53 M** in the first contract year.
- (v) OEM Sum Insured should be maximum **US\$100,000** per Subscriber per annum
- (vi) AD&D Sum Insured to be **\$200,000** for accidental death or major dismemberment. For lesser dismemberment the %-age according to the standard AD&D Schedule should apply. **See Appendix 3.**

- (vii) The GEASO Joint Monthly Subscription Rates per Subscriber for 2007/08 contract year should be

Scenario 1 **\$1,398.28 per month** (Individual Coverage)
\$3,283.72 per month (Family Coverage), or if

Scenario 2 **\$1,405.28 per month** (Individual Coverage)
\$3,290.72 per month (Family Coverage).

- (viii) The flat Administration Fee (**\$163.75 M** per annum) should be accepted as part of the ASO Contract with BCJ and should be fixed for the triennium.
- (ix) The OEM and AD&D policies should be written on a profit sharing basis with the guaranteed premiums and premium rates quoted in the Proposals of LOJ or LOJ and BCJ, according to chosen **Scenario**.
- (x) The profit sharing formula proposed by LOJ or BCJ should be incorporated in the respective OEM and AD&D policy contract.
- (xi) The effective date of the new GEASO Health Scheme contract should be determined so as to secure the premium guarantees in the accepted Proposals.
- (xii) The contract with BCJ should include such additional conditions as the MFP and the Committee consider appropriate without compromising the integrity of the tender system. The terms should be negotiated using the draft contract wordings submitted in the Proposal as a starting draft document
- (xiii) MFP should ensure that for the placement of the Scheme for the next triennium after 2009/10 the tendering process be undertaken on a timeline that facilitates the start of the new benefit schedules at the beginning of the financial year for the GEASO Health Scheme.
- (xiv) The variations in the membership numbers presented in the Proposals did not obstruct fair evaluation of the tenders. We adjusted all projected first year subscriptions to the same assumed membership, to guarantee equity.
- (xv) MF&P should ensure that after the award an enrollment drive be undertaken to encourage eligible Subscribers and Dependents to enroll on the NHF and JADEP drug schemes.”

It must be noted, however, that the Consultants did state in their recommendations that the proposal submitted by LOJ quoted the lowest monthly premium of **\$38.00** per subscriber, which resulted in a estimated Overseas Emergency Medical (OEM) annual premium of **\$29.99** Million. LOJ gave the undertaking that if their proposal was accepted within six (6) months from the date of the proposal, they would hold their premium rates.

Blue Cross, on the other hand, quoted a monthly premium of \$45.00 per subscriber resulting in an estimated OEM of \$35.52 Million. Blue Cross did not give a guarantee period with respect to the premium rates which were quoted.

A comparative breakdown of the cost for the first year of the contract was carried out by the Ministry of Finance and Planning in order to determine its recommendation for the award of the contract. These costs were laid out by the Ministry in their Tender Report as follows:

INSURER'S ESTIMATED FIRST YEAR ASO HEALTH COSTS (Option 1)			
	LOJ	BCJ	GL
	(\$M)	(\$M)	(\$M)
(i) ASO Health Claims	2,064.70	2,051.43	2,079.70
(ii) Administrative fees	89.55	163.75	192.02
(iii) Reimbursable/Direct expenses	10.00	10.00	10.00
(iv) Reinsurance premium	12.29	<i>Included in Admin fees</i>	<i>Additional</i>
Total First Year Cost (sum of (i) to (iv))	<u>2176.54</u>	<u>2225.18</u>	<u>2281.72</u>
Total First Year Contract Sum (ii+iii+iv)	<u>111.84</u>	<u>173.75</u>	<u>202.02</u>

The total cost of the GEASO Health Scheme for the 1st year is calculated as set out below:

	<i>LOJ</i>	<i>BCJ</i>	<i>GL</i>
	(\$M)	(\$M)	(\$M)
ASO Health Scheme	111.84	173.75	202.02
OEM Insurance Services	29.99	35.52	97.56
AD&D Insurance Services	<u>7.10</u>	<u>7.69</u>	<u>9.67</u>
	<u>\$148.93</u>	<u>\$216.96</u>	<u>309.25</u>

It must be noted that Page 9 of the RFP stated that "... Insurer should include the following:

- (i) Monthly Joint Premium/Subscription
- (ii) Estimated 1st Year Costs
- (iii) Estimated Fees based on 1st Year Costs
- (iv) Any Volume Discounts"

Hence the reason for the cost being calculated only for the 1st year.

6. MINISTRY OF FINANCE AND PLANNING'S INTERNAL ANALYSIS

The Ministry of Finance and Planning, in conducting their own internal analysis of the Actuary's report vis-à-vis the RFP, did not find favor with the Consultant's recommendations, as are outlined in pages 46-47 of the Consultant's Report (*See items 9.2. (i)- (xv) on pages 14 and 15 of this Report*).

As such the Ministry overruled the Consultant's recommendation stating that their (the Ministry of Finance and Planning) "... review of the Actuary's Report, the cost structure and the rates proposed by the three main bidders has shown that LOJ is the most cost effective proposal. The Actuaries have not justified their recommendation that the administration of the scheme be awarded to BCJ over LOJ".

The Ministry went on to state that "It is clear from the Actuary's report that GL did not provide a fulsome response to the tender. Notwithstanding, according to the evaluation all the companies are capable of providing the services required. It follows therefore that the cost **must be** the distinguishing factor to determine selection for award. GL is out of contention because its administrative fee is the highest. The fee is based on a monthly charge per subscriber that more than doubles for a subscriber on the family plan. **The competition is therefore between BCJ and LOJ. LOJ had the most competitive rates for all the components of the contract.**" (*Emphasis added*).

The MOF&P subsequently recommended the award of the contract to LOJ on the basis that LOJ's bid proposal, of \$148.93 Million Dollars, for the first year, was more cost effective. The Ministry subsequently submitted its recommendation for the award of the contract to the National Contracts Commission (NCC) by way of a letter dated May 11, 2007.

7. NATIONAL CONTRACTS COMMISSION (NCC) ENDORSEMENT OF THE RECOMMENDATION FOR AWARD

The NCC considered the matter on May 16 and 30, 2007. The following are the extracts of the Minutes of the NCC Meetings:

- a. In the NCC's Minutes of its 351st Meeting which was held on Wednesday, 2007 May 16, page 4 read:

“5.11 Ministry of Finance & Planning (MoFP) – The Government Administrative Services Only (GEASO) Health Scheme

Mrs. Shirley Sinclair, Head of the Procurement Policy Implementation Unit of the Ministry of Finance attended the meeting, on the invitation of the Commission, to present the submission since the procurement was sensitive both in respect of time and disclosure.

Mrs. Sinclair outlined the procurement process utilized and indicated that the Ministry did not accept the actuaries' recommendation on the grounds that justification was not provided to award the Administration Service Only (ASO) to Blue Cross of Jamaica. The Ministry felt that all three components to the GEASO Health Scheme should be awarded to Life of Jamaica (LoJ).

Based on the foregoing, the Commission agreed to defer the submission and requested that the Secretariat invite representatives from Eckler Partners Limited and the Ministry of Finance & Planning to the Commission's next meeting in order to discuss the proposal."

- b. Page 12 of the NCC's Minutes of its 352nd Meeting which was held on Wednesday, 2007 May 30, read:

“9.1 Ministry of Finance and Planning (MoFP) – The Government Administrative Services Only (GEASO) Health Scheme

At a recent meeting, the Commission had noted that there were differences between the Ministry of Finance and the evaluating actuary on an insurance management contract. To clarify some of the questions, the Ministry of Finance was invited to attend the next meeting with their actuary.

Accordingly, the following representatives attended the meeting on the invitation of the Commission. Mrs. Shirley Sinclair, Ms. Cecile Dixon, Ms. Rachel Salmon and Mr. Dennis Townsend from the Ministry of Finance and Planning. Mrs. Daisy Coke and Ms. Orleen Thomas from Coke & Associates/Eckler Partners.

Mrs. Coke outlined the evaluation process utilized and the bases for her recommendation.

The representatives of the Ministry of Finance and Planning had carefully reviewed the actuary's report and indicated that the cost structure and rates proposed by Life of Jamaica were the most cost effective.

It was noted inter alia that Blue Cross of Jamaica was proposing a 5% share of profits per year whereas Life of Jamaica was not requesting a profit share.

The Ministry of Finance had recommended that Life of Jamaica be awarded the contract administration of the GEASO Health Scheme in the sum of \$148.93 million. The components were:-

- (a) Administrative Service Only (ASO) Health Scheme - \$111.84M
- (b) Overseas Emergency Medical (OEM) Insurance - \$29.99M
- (c) Accidental Death & Dismemberment (AD&D) Insurance - \$7.1M

The Commission endorsed the request to award a contract to **Life of Jamaica Limited** in the sum of **One Hundred and Forty-eight Thousand Nine Hundred and Thirty Million Dollars (J\$148.93M).**"

The NCC subsequently issued a letter to the Financial Secretary which was dated 31 May 2007 advising him that the NCC had endorsed the request to award a contract to LOJ in the sum of \$148.93 Million, with components as follows:

- (a) Administrative Service Only (ASO) Health Scheme - \$111.84M
- (b) Overseas Emergency Medical (OEM) Insurance - \$29.99M
- (c) Accidental Death & Dismemberment (AD&D) Insurance - \$7.1M

The letter further stated that the contract should be submitted to the Cabinet for its approval.

8. CONCLUSIONS

From the OCG's analysis of the tender-invitation and tender-evaluation documents, it must be noted that, although Blue Cross of Jamaica attained the highest score, the expressed provisions of the RFP did not allow for the award of the contract to the bidder which attained the highest score, as the score was not the final and determining factor; but only the basis upon which each tenderer would be qualified for further consideration for the award of the contract.

The RFP clearly states at Clause 22.vi that "The Administrative Fees (ASO Contract) must be cost effective." It is, therefore, the opinion of the OCG that the evaluation process which was utilized by the Ministry of Finance and Planning was indicative of the adoption, in principle, of the Least-Cost Selection (LCS) method of assessment.

Under the LCS method, as outlined in the Government Procurement Procedures Handbook (GPPH) (Section 5, Option 3, page 9A) and the World Bank's Procurement Guidelines for the Selection and Employment of Consultants, a "minimum" qualifying mark for the "quality component" is established. Proposals are invited from suitably qualified companies or a short list. Technical components of the proposals are opened and evaluated.

Those securing less than the minimum qualifying score are rejected and the financial proposals of the remaining bidders are then opened in public. The firm with the lowest price is then selected. Under the LCS method, the minimum qualifying score is required to be established, understanding that all proposals above the minimum score compete only on "cost." The minimum qualifying score is required to be stated in the RFP. It is important to emphasize that the GPPH makes it clear that "The firm submitting the lowest price proposal shall then be invited for negotiations".

In the case of the GEASO, the Ministry of Finance and Planning opened the proposal for each bidder and read out publicly the prices quoted by the bidders in the presence of their representatives, the OCG, the Monitoring Committee and representatives from the Ministry of Finance & Planning.

It is instructive to note that the RFP clearly stated that the minimum qualifying mark for the quality component would be an **80** point benchmark. This was established by the statement that "proposals must attain at least 80 points to be considered." The RFP also stated that cost, thereafter, would be the differentiating and final determining factor, as the "... Administrative Fees (ASO Contract) must be cost effective." (*Emphasis added*).

The engagement of the Consultants by the Ministry of Finance was specific to the conduct of an evaluation of the insurance bid proposals. However, the responsibility for the final recommendation rested with the Ministry and the Ministry only. (*See 22.ii and 22.viii of the Request for Proposals on pages 10 and 11 of this Report*).

The Consultants finished their work in assessing the insurance proposals in March 2007 and submitted a report dated March 9, 2007 to the Ministry of Finance & Planning, outlining the pros and cons of the proposals received. The Actuary's report did not provide a clear indication of the calculated margins, nor was there an indication of the rationale for allocating points. These deficiencies, along with the several recommendations made, further bolstered the Ministry's decision to overrule the Consultant's recommendation and to make the final decision based on cost only.

With respect to the evaluation of the proposals, it was reported by the Consultant that each of the three bidders "scored more than the minimum **80** points which are a prerequisite for the consideration of the award". In that respect, all of the three companies were deemed to have the capacity to deliver the required insurance services. As has been indicated above, this meant that the cost which was to be charged by the provider to deliver the services would be very critical to the award of the contract, and would be the final determining factor in the assessment process.

Accordingly, in the OCG's view, and in keeping with the principle of the LCS method, once each tenderer was qualified for consideration for the award of the contract, the cost which was to be charged by the provider was the critical factor that the Ministry of Finance and Planning used to shape its decision for the recommendation of the award of the contract to Life of Jamaica. This was borne out in the Ministry's report to the NCC. The report clearly stated that "The Ministry of Finance and Planning's review of the actuary's report, the cost structure and the rates proposed by the three main bidders has shown that LOJ is the most cost effective proposal."

It is also instructive to note that the Ministry's decision has touched upon one of the fundamental principles of the Government's Procurement Policy, which provides, *inter alia*, that "value for money is primary, with particular attention to efficiency, effectiveness, quality and sustainable development for the long term".

Having reviewed the tendering and evaluation processes which were employed by the MOFP in the procurement of the GEASO Health Scheme contract, it is the opinion of the OCG that the process which led to the recommendation of the contract award to LOJ, was one which was conducted in accordance with the GPPH, and which was meritorious. Additionally, the recommendation for the award to LOJ was fair and transparent. This is based on the OCG's determinations which are guided in part by the following:

- (a) All bidders were given the same information as was embodied in the amended RFP which was issued in December 2006.
- (b) All bidders were given the same opportunity, in accordance with the RFP, to seek clarifications on any matter pertaining to the RFP.
- (c) All bidders were given the same opportunity to make modifications and to withdraw from the process.

- (d) All matters of clarification which were sought and to which the Ministry responded were issued to all the bidders.
- (e) All bids were evaluated using the same criteria that were established in the RFP.
- (f) The tender process was conducted in accordance with the established Government Procurement Procedures Handbook and in compliance with Section 4 (1) of the Contractor General Act.

9. CRITICAL DEVELOPMENTS FOLLOWING AFTER THE NCC'S ENDORSEMENT OF MAY 31, 2007 OF THE MOF'S RECOMMENDATION TO AWARD THE GEASO CONTRACT TO LIFE OF JAMAICA LIMITED (LOJ)

A number of critical developments have arisen in this matter following after (a) the NCC's May 30, 2007 endorsement of the Ministry of Finance's recommendation to award the GEASO Health Scheme contract to LOJ in the sum of J\$148.93 Million and (b) the NCC's written instructions of May 31, 2007 to the Ministry to submit the endorsement to the Cabinet of the Government of Jamaica for its approval. The developments include the following:

1. Certain Media reports that the GEASO Monitoring Committee (GEASO MC) and/or members thereof had made representations alleging, *inter alia*, (a) that the GEASO tender evaluation process was 'flawed', (b) that the GEASO MC was wrongfully denied a participatory role in the evaluation of the tenders, (c) that the GEASO MC was wrongfully denied a participatory role in selecting the winning tender, (d) that the procurement process should be halted by the Government to facilitate, *inter alia*, a review of the tender evaluation and the recommendation which was made in favour of awarding the contract to LOJ and/or (e) that the GEASO MC should be allowed to participate in the proposed tender evaluation review process.
2. Certain Media reports that the Government had in fact determined that the GEASO Health Scheme Contract Procurement Process was 'flawed' (allegedly because the GEASO MC was wrongfully denied a participatory role in the evaluation of the tenders) and that it, the Government, had instructed that the process should be suspended to facilitate, among other things, a review of the tender evaluation process and the participation of the GEASO MC in the decision-making aspects of the review process. These reports were generally corroborated by a letter, dated July 3, 2007, which was written to the Contractor General by the then Minister of Finance and Planning, Dr. The Hon. Omar Davies.
3. Certain strong and forthright disagreements and objections which were expressed and made by the OCG, in writing, in response to the foregoing developments. The following OCG positions were among those which were forcefully expressed:
 - (a) That there is nothing in the GPPH or the Contractor General Act which fetters the right of the GEASO MC to negotiate and to settle, with the Government, the schedule of health benefits which are to be administered through the GEASO Health Scheme.
 - (b) That, beyond the rights of the GEASO MC which are outlined in (a) above, any participation by the GEASO-MC in the tender evaluation or tender selection process would constitute (a) a breach of the provisions of the Government Procurement Procedures Handbook (GPPH) and/or of the Contractor General Act and, consequently, (b) a clear breach of the rule of law.

- (c) That the Ministry of Finance, with the full knowledge of the Minister of Finance, the Financial Secretary, the Cabinet Secretary and the Solicitor General had, at all material times, concurred with the view which is outlined in (b) above.
- (d) That the Ministry of Finance, at the hand of the Financial Secretary, had, in substance, confirmed this view in writing to the Contractor General on February 8, 2006 to be a view which was held by the Ministry, the Government and the Cabinet. The relevant and other associated communications were copied to the Minister of Finance, the Cabinet Secretary and the Solicitor General.
- (e) That, to date, none of these functionaries has retracted, withdrawn or denied the Ministry's written positions on the matter.
- (f) That the decision of the Government of Jamaica to suspend the GEASO Health Scheme Contract Procurement Process to facilitate, *inter alia*, a joint review of the Process by the Ministry of Finance and the GEASO MC *"has inflicted grave and irreparable harm to the integrity of the public-sector procurement process and the Independent Commissions which have been established by law to monitor and to regulate the award of Government contracts."*
- (g) That since the proposed review process would take place *"outside of the ambit of the Government Procurement Procedures, and contrary to the provisions of the Contractor General Act, neither the process nor any contract award which results there-from will receive the affirmative sanction of the Commission of the Contractor General under Section 4(1) of the Act."*
- (h) That the GEASO Health Scheme contract procurement process was not 'flawed', as had been inaccurately alleged by some members of the GEASO MC and by the Government. In this particular regard, it is critically important that Parliament's and the Public's attention should be directed to the following:
- (1) As the OCG's Monitoring and Investigation Report has now disclosed and confirmed, the GEASO Health Scheme tender evaluation process, the Ministry's recommendation for the award of the contract to LOJ, and the NCC's endorsement of the Ministry's recommendation, were not in any way 'flawed' by reason of the fact that the Consulting Actuary, in its preliminary evaluation of the tenders, scored Blue Cross at 104 points and LOJ at 96 points. As has been clearly established in this Report, these scores, simply put, were not the final determinant factor for the award of the contract. (See, in particular, the 'Conclusions' section of this Report on pages 20 - 22).

(2) Contrary to what was reportedly claimed by certain members of the GEASO MC and by the Government in the Minister of Finance's letter to the Contractor General, dated July 3, 2007, upon a proper and legal construction of the Ministry's Request For Proposals (RFP) and in particular, Clauses 2, 10.3 and 22 thereof, no provision was made in the RFP for the GEASO MC to participate in the GEASO Health Scheme tender evaluation process. Further, even if the RFP contained any such provision, which it did not, then same would have been rendered void and of no legal or enforceable effect because it would have been in conflict with the provisions of the GPPH and/or the Contractor General Act.

- (i) That, finally, and most importantly, the OCG, by way of letter, dated July 13, 2007, wrote to the then Minister of Finance and Planning, Dr. Omar Davies, submitting to him a Draft copy of this Report for his review and response. Dr. Davies was advised, *inter alia*, as follows:

"The subject Draft Report seeks to summarize the OCG's assessment, as at June 2007, of the Tendering and Evaluation Processes which have led to your Ministry's Recommendation, to the National Contracts Commission (NCC), to award the subject GEASO Health Scheme contract to Life of Jamaica Limited (LOJ).

As you are no doubt aware, our assessment is based primarily upon the documentation which your Ministry has so far provided to us and to the NCC.

In the circumstances, if your Ministry is privy to any information which could materially alter any of the observations which we have made or the Conclusions which we have arrived at in our Report, we are hereby requiring you to provide same to the OCG, in writing and at our Offices, no later than 3.00 PM on Friday, July 20, 2007'.

It is instructive to note that the OCG has never received a response from the former Minister of Finance and Planning, Dr. Omar Davies, or from the Ministry of Finance, to its July 13, 2007 letter.

It is also instructive to note that the Draft Report which was submitted to Minister Davis is identical in all respects to this the 'Final' Monitoring and Investigation Report save and except for (a) the title of the Report which has been changed (b) certain revisions which have been made to the text of the 'INTRODUCTION' section of the Report, and (c) the addition to the Report of this its last section, Section #9.

The foregoing OCG positions were formally recorded and communicated, *inter alia*, through the utility of the following documents. Copies of these documents are appended to this Report and are numbered Appendix 1 through 10.

- i. Verbatim extract taken from the 20th Annual Report of the Contractor General for January to December 2006, regarding the OCG's monitoring of the GEASO Health Scheme Contract Procurement for the period ending December 2006. The OCG's 2006 Annual Report was tabled in the House of Representatives and in the Senate on June 12 and June 15, 2007, respectively. (See **Appendix 1**).
- ii. OCG Letter to the Ministry of Finance, dated June 14, 2007, registering certain queries regarding, *inter alia*, (a) Media reports of June 14, 2007 having to do with the GEASO matter, (b) reminding the Ministry that on February 8, 2006 it had confirmed in writing, to the OCG, that neither the Ministry, the Government or the Cabinet shared the view that GEASO contract procurement "*decision(s) taken will have to be agreed on by all the Members of the Committee and also the Unions which are represented*", (c) reminding the Ministry that the NCC had instructed it to submit the NCC's endorsement of May 30, 2007 to the Cabinet for its approval, and (d) expressing the OCG's sanction of the GEASO procurement process, thus far, as one which was "*fair, transparent and meritorious and which was conducted in compliance with the stated tender evaluation methodology and criteria as well as in compliance with the Government's Procurement Rules and Guidelines*". (See **Appendix 2**).
- iii. OCG Letter to the Ministry of Finance, dated June 24, 2007, written in response to the Ministry's letter of June 21, 2007 and in which the OCG, *inter alia*, (a) reiterated some of its previously stated positions, (b) expressed its concern about the impending status of the GEASO contract procurement, (c) expressed its concern about the fact that several GEASO MC representatives and/or members were publicly questioning the Ministry's recommendation in the matter, and (d) advanced the OCG's strong recommendation that it was "*imperative that the relevant details of the comparative cost and benefit considerations upon which the Ministry's recommendation to the NCC was predicated, should be publicly disclosed*". (See **Appendix 3**).
- iv. OCG Statement, dated July 2, 2007, to the Hon. Speaker of the House of Representatives, the Hon. President of the Senate, the Most Hon. Prime Minister, the Hon. Leader of the Opposition, the Hon. Minister of Finance, the Cabinet Secretary, the Financial Secretary, the Solicitor General and to the Jamaica Media, outlining the OCG's understanding of the "*Status of the GEASO MC in the GEASO Health Scheme Contract Procurement Process*". (See **Appendix 4**).
- v. OCG Letter to the Ministry of Finance, dated July 9, 2007, challenging the allegation and/or suggestion that the GEASO tender evaluation and selection process was flawed and also challenging the Minister of Finance's claim of July 3, 2007 that

the RFP had made provision for the participation of the GEASO MC in the “*evaluation of (the) tenders*”. Full justifications for the positions which were advanced by the OCG were clearly articulated in this letter. (See **Appendix 5**).

- vi. OCG Letter to the Ministry of Finance, dated July 13, 2007, enclosing a copy of an OCG Media Release, dated July 12, 2007, and in which the OCG publicly expressed, *inter alia*, its strong objections to the Government’s proposed joint review of the GEASO procurement process by the Ministry of Finance and the GEASO MC. (See **Appendix 6**).
- vii. OCG Letter to the Ministry of Finance, addressed to the Minister of Finance, dated July 13, 2007, with copy Draft OCG Report on the GEASO matter enclosed. The Minister of Finance was requested to review the Draft Report and to advise the OCG in writing “*by 3.00 PM on Friday, July 20, 2007 ... if your Ministry is privy to any information which could materially alter any of the observations which we have made or the Conclusions which we have arrived at in our Report.*” (See **Appendix 7**).

Despite this request, no response from the Minister or from the Ministry, to this letter, was ever received by the OCG.

In its letter of July 13, 2007, the OCG also pleaded as follows:

“There is another very critical and urgent matter which we feel compelled to bring directly to your attention. We have so far urged your Ministry three (3) times, in writing, to disclose to the Public the relevant technical considerations which have guided its Recommendation to award the subject contract to LOJ and to explain why the recommendations of the Consulting Actuary were rejected by it.

Our requests to your Ministry were made by way of letters which were dated June 24 and July 9, 2007 and by way of our Formal Statement which was made on July 2, 2007.

We believe that the Tax-Paying Public and the Country’s Public Servants have a right to know these facts. We also believe that without a full disclosure, the legitimacy of the actions of the Ministry, and the NCC, will be rightly challenged for want of transparency, and that confusion and suspicion will reign.” (See **Appendix 7**).

- viii. OCG Letter to the Editors of the Jamaica Gleaner, the Observer and the Sunday Herald newspapers, dated July 19, 2007, making public the OCG’s justifications for the positions which it had taken in the GEASO matter and advising, *inter alia*, that (a) it (the OCG) had submitted a Draft Report on the matter to the Minister of Finance for his review and response and that (b), it (the OCG) had urged the Ministry of Finance four (4) times in writing to disclose to the Jamaican Public and Taxpayers the relevant technical considerations which had guided the Ministry’s recommendation to award the GEASO contract to LOJ – this in an attempt to bring an end to the unsubstantiated charges of a flawed tender evaluation process, etc.,

which were then being widely reported in the Media. (See Appendix 8).

It is a matter of public record that the OCG's requests of the former Minister and of the Ministry of Finance, in the foregoing regard, were summarily ignored.

- ix. OCG Letter to the newly appointed Minister of Finance, the Hon. Audley Shaw, dated September 18, 2007, providing, *inter alia*, a historical outline of the OCG's perspective of the entire GEASO contract procurement matter and urging the newly elected Administration, "*in light of (its) expressed commitment to strictly uphold the principles which are enshrined in the Contractor General Act, and the GPPH, ... to abort the referenced Ministry/GEASO Monitoring Committee review process if it had not yet done so ... and to comply with the instructions of the NCC and to submit, to the Cabinet, for its approval, the Ministry's recommendation for the award of the contract to Life of Jamaica Ltd.*". (See Appendix 9).

It is instructive to note that copies of all of the foregoing documents, which are itemized at (i) through (viii), were also submitted to the newly appointed Minister of Finance under cover of the OCG's letter of September 18, 2007. The Minister was expressly requested to avail the OCG with his Ministry's response to the OCG's "*stated positions and requisitions*". (See Appendix 9).

- x. OCG follow-up and reminder letter, dated October 10, 2007, sent to the newly appointed Minister of Finance, requiring him to provide a response to the OCG to its earlier letter of September 18, 2007. The Minister was required to respond, in writing, by "*4.00 PM, Friday, October 12, 2007*". (See Appendix 10).

By way of letter, which was dated October 12, 2007, Senator the Hon. Dwight Nelson, one of the two Ministers Without Portfolio in the Ministry of Finance and the Public Service, at the direction of Minister Shaw, responded to the OCG's letters of September 18 and October 10, 2007.

Minister Nelson advised the Contractor General, *inter alia*, that "*it has not been possible for us to respond to your stated positions, as this is a matter for Cabinet determination*". The Minister further advised that his Ministry, "*by way of a written submission, has updated the Cabinet*" on the matter, inclusive of the OCG's "*objections*", and had requested "*guidance and direction from the Cabinet*".

Appendix 'A'

to the

OFFICE OF THE CONTRACTOR GENERAL

Preliminary Monitoring Report

On the Tendering and Evaluation Processes and Recommendations for the Award of a
Contract for the Government Employees Administrative Services Only (GEASO) Health
Insurance Scheme

SCHEDULE 1
MOF&P: GEASO HEALTH SCHEME - TENDER DOC. DEC. 2006
BENEFITS TO BE COSTED - OPTIONS 1, 2, & 3 Versus EXISTING

	OPTION 1	OPTION 2	OPTION 3
HOSPITAL SERVICES			
Room & Board (max per person per day)	\$ 2,000	\$ 2,560	\$ 3,000
Room & Board (max per person per day with major medical)	3,000	4,000	4,500
Maximum 120 days per disability.			
Hospital Miscellaneous Expenses (per person, max. per disability)	18,000	25,600	30,000
Hospital Out-patient Services (per person, max per disability)	9,000	12,800	15,000
SURGICAL BENEFITS (per surgery)			
Surgeon's Fee	40,000	48,000	50,000
Assistant Surgeon's Fee (40% Surgeon's Fee)	16,000	19,200	20,000
Anaesthetist's Fee (40% Surgeon's Fee)	16,000	19,200	20,000
MATERNITY (Family Coverage only, in lieu of other services)			
Normal Delivery (primigravida, per pregnancy)	40,000	52,480	52,500
Normal Delivery (multipara, per pregnancy)	36,000	47,360	47,500
Caesarean Section (per pregnancy, max 10 days)	50,000	65,280	62,300
Miscarriage (max 2 days)	30,500	41,280	41,300
DOCTOR'S VISITS			
Doctor's Home Visit (per visit, emergency only)	1,000	1,000	1,000
Doctor's Office Visit (max 10 visits per disability)	800	800	800
Doctor's In-Hospital Visit (per day, max 120 per disability)	1,500	1,200	1,500
Consultant's Fee (1 visit per disability, 4 visits per contract yr.)	2,000	1,500	1,700
Specialist's Visit (per day, max 5 visits per disability)	1,500	1,200	1,700
Physiotherapy (per person, max 10 sessions per disability)	700	1,000	1,000
Ambulance per round trip (max per trip)	1,200	1,600	2,000
DIAGNOSTIC SERVICES (20% copayment)			
Laboratory, Ultrasound, X-Ray, ECG (max per person per contract yr.)	9,600	9,600	10,000
(*=80% reimbursable after the limit and the deductible)	+ 80% reimbursable*	+ 80% reimbursable*	+ 80% reimbursable*
MRI, CT Scan	50% UCR	80% of UCR	80% UCR
Radiotherapy (per session, max 10 sessions per disability)	700	700	1,000
PRESCRIPTION DRUGS, DENTAL & OPTICAL (20% copayment)			
("fill route" combination, 80% of cost)			
Individual Coverage (max per contract yr.)	15,000	not applicable	not applicable
Family Coverage (max per contract yr.)	30,000	not applicable	not applicable
PRESCRIPTION DRUGS (20% copayment)	not applicable	Unlimited, 80% Cost	Unlimited, 80% Cost
DENTAL & OPTICAL Individual Coverage	not applicable	10,000	Unlimited, 80% Cost
DENTAL & OPTICAL Family Coverage	not applicable	20,000	Unlimited, 80% Cost
MAJOR MEDICAL* (20% copayment)			
Hospital Room & Board (per person per day)	80% of UCR	80% of UCR	80% of UCR
Executive Profile Check-up (Employee only, 1 per contract yr.)	1,000	1,440	1,500
Intensive Care (per day, max 5 days per disability)	10,000	10,000	10,000
Private Duty Nurse (per 8 hr. session)	3,000	3,000	3,000
Psychiatry (per person per visit)	1,600	1,600	1,600
Radiotherapy (per session, max 10 sessions per disability)	1,500	1,500	1,500
Psychology (per session, max 10 sessions per disability)	500	500	500
Chemotherapy (max 8 sessions per contract yr.)	500	500	1,000
Renal Dialysis (max 100 sessions per contract yr.)	50% of cost per session	80% of cost per session	80% of cost per session
Life Time Maximum (per person)	50% of cost per session	50% of cost per session	80% of cost per session
Maximum per claim	2,500,000	2,500,000	2,500,000
Deductible (per person per disability)	500,000	500,000	500,000
(*Prior authorisation required, except for emergency)	1,000	1,500	2,000
OVERSEAS NON-EMERGENCY* (Prior authorisation required)			
Employee only - Life Time Maximum	5,000,000	6,400,000	5,000,000
Maximum amount (per claim, per person p.a.)	1,500,000	2,000,000	1,500,000
Deductible (per person per disability)	6,000	5,000	6,000
Hospital Room & Board (per person per day)	7,000	6,400	7,000
Air fares (max 2 trips p.a. @)	5,000 ea.	4,800 ea.	10,000 ea.
Diagnostics in Hospital (per disability)	15,000	14,400	15,000
Medical & Surgical attention (max per claim)	80%, max 115,000	80%, max 112,000	80%, max 120,000
OVERSEAS EMERGENCY (US\$, by insurance policy)			
Active Service Employees only	US\$ 100,000.00 per contract yr.	US\$ 16,000.00 per trip for 30 days	US\$ 100,000 per contract yr.
ACCIDENTAL DEATH & DISMEMBERMENT (US\$, by insurance)			
Death by accident (per Active Service Employee employee)	\$150,000	\$150,000	\$150,000
Dismemberment (reverted to S.I. for death, see Schedule 1A)	Standard schedule, varying with the degree of dismemberment		

Appendix 'B'

to the

OFFICE OF THE CONTRACTOR GENERAL

Preliminary Monitoring Report

On the Tendering and Evaluation Processes and Recommendations for the Award of a
Contract for the Government Employees Administrative Services Only (GEASO) Health
Insurance Scheme

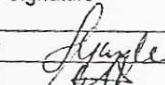
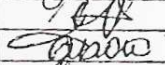
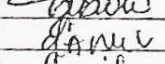
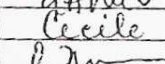
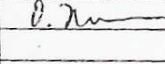
Tender Officer Rachel Solomon

Project	Placement of Insurance (Group Health)
Location	30 National Heroes Circle, Kingston 4
NCC Category and Grade	Insurance
Tender Closing Date & Time	January 12, 2007 - 3:00 p.m.
Tender Opening Date & Time	January 12, 2007
Comparable Estimate	

Tenders Received

Tender Number	Name of Tenderer	Amount of Tender \$	£	Remarks
1	BLUE CROSS OF JAMAICA			
	TCC expire 11/7/07			
	NCC expire nd 22 AUGUST 07			
	FSC Certificated/d/d 17/12/03			
	A.S.O CONTRACT	1771798573		EXISTING.
	OPTION 1	2248781991		1st year.
	OPTION 2	2619452244		"
	OPTION 3	3098234655		"
	OPTION 4	2156114427		"

Persons Present at Tender Opening

Name	Signature	Representing
Shirley Gayle-Sinclair		MOFP
Janet Mitchell		MOFP
Cecile Dixon		MOFP
Erica Barnes		MOFP
Cecile Clare	Cecile Clare	
Orlene Thomas		CIAFCU Ltd.
Claudia Ferguson		

Signature of Tender Officer 

Tender Officer Rachel Solomon

Project	Placement of Insurance (Group Health)
Location	30 National Heroes Circle, Kingston 4
NCC Category and Grade	Insurance
Tender Closing Date & Time	January 12, 2007 - 3:00 p.m.
Tender Opening Date & Time	January 12, 2007
Comparable Estimate	

Tenders Received

Tender Number	Name of Tenderer	Amount of Tender \$	¢	Remarks
1	BLUE CROSS (CONTD)			
	A.D&D	7839585		1 yr.
	OVERSEAS EMERGENCY	36182700		

Persons Present at Tender Opening

Name	Signature	Representing
Shirley Gayle-Sinclair		
Janet Mitchell		
Cecile Dixon		
Erica Barnes		
Cecile Clare	Cecile Clare.	
Orlene Thomas		
Claudia Ferguson		

Signature of Tender Officer

TENDER RECEIVAL FORM

Tender Officer Rachel Solomon

Project	Placement of Insurance (Group Health)
Location	30 National Heroes Circle, Kingston 4
NCC Category and Grade	Insurance
Tender Closing Date & Time	January 12, 2007 - 3:00 p.m.
Tender Opening Date & Time	January 12, 2007
Comparable Estimate	

Tenders Received

Tender Number	Name of Tenderer	Amount of Tender \$	£	Remarks
2.	LIFE OF JAMAICA .			
	TCC expire 14/1/07			
	NCC expire 26/9/07 .			
	FSC compliant 30/7/06 .			
	ASO CONTRACT.			
	OPTION 1.	2159584796		Yr 1.
	OPTION 2.	2942915601		Yr 1
	OPTION 3	31495663412		Yr 1 .
	OPTION			

Persons Present at Tender Opening

Name	Signature	Representing
Shirley Gayle-Sinclair	<i>Shirley Gayle</i>	M&FP
Janet Mitchell		
Cecile Dixon	<i>CDixon</i>	MOFP
Erica Barnes		
Cecile Clare	<i>Cecile Clare</i>	
Orlene Thomas	<i>O. Thomas</i>	CIAFERW Ltd.
Claudia Ferguson		

Signature of Tender Officer

Tender Officer Rachel Solomon

Project	Placement of Insurance (Group Health)
Location	30 National Heroes Circle, Kingston 4
NCC Category and Grade	Insurance
Tender Closing Date & Time	January 12, 2007 - 3:00 p.m.
Tender Opening Date & Time	January 12, 2007
Comparable Estimate	

Tenders Received

Tender Number	Name of Tenderer	Amount of Tender \$	¢	Remarks
2.	LIFE OF JAMAICA CONTD			
	AD&D	5327937		
	OVERSEAS EMERGENCY	89994312		

Persons Present at Tender Opening

Name	Signature	Representing
Shirley Gayle-Sinclair	<i>Shirley Gayle</i>	MOFP
Janet Mitchell		
Cecile Dixon	<i>Cecile Dixon</i>	MOFP
Erica Barnes		
Cecile Clare	<i>Cecile Clare</i>	
Orlene Thomas	<i>O. Thomas</i>	CSA/TEK L.L.C.
Claudia Ferguson		

Signature of Tender Officer

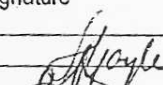
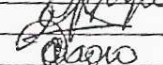
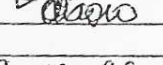
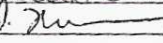
Tender Officer Rachel Solomon

Project	Placement of Insurance (Group Health)
Location	30 National Heroes Circle, Kingston 4
NCC Category and Grade	Insurance
Tender Closing Date & Time	January 12, 2007 - 3:00 p.m.
Tender Opening Date & Time	January 12, 2007
Comparable Estimate	

Tenders Received

Tender Number	Name of Tenderer	Amount of Tender \$	¢	Remarks
3	ALLIED INSURANCE BROKERS LTD.			
	TCC expire 24/4/07.			
	NCC Reg expire 15/8/07			
	FSC Cert as Broker. 22/1/03			
	Facultative Broker 15/4/05			
	TCC AMERICAN HOME INSCE CO 18/3/07.			
	NCC Reg. 14/1/07.			
	CERT OF REG INSCE ACT 12/2/74.			
	TCC GUARDIAN LIFE CERT. 18/3/07			

Persons Present at Tender Opening

Name	Signature	Representing
Shirley Gayle-Sinclair		MO FR
Janet Mitchell		
Cecile Dixon		MOFP
Erica Barnes		
Cecile Clare	Cecile Clare	
Orlene Thomas		C&A/ECLW Ltd.
Claudia Ferguson		

Signature of Tender Officer

Tender Officer Rachel Solomon

Project	Placement of Insurance (Group Health)
Location	30 National Heroes Circle, Kingston 4
NCC Category and Grade	Insurance
Tender Closing Date & Time	January 12, 2007 - 3:00 p.m.
Tender Opening Date & Time	January 12, 2007
Comparable Estimate	

Tenders Received

Tender Number	Name of Tenderer	Amount of Tender \$	¢	Remarks
AIB	CONTD -			
3.	NCC GUARDIAN LIFE 5/12/07 expire			
ADAD	AMERICAN HOME - LIKE FOR LIKE	4522500		
ADAD	GUARDIAN - do -	6391800		
ADAD	AMERICAN HOME ALTERNATIVE	6030000		
ADAD	GUARDIAN ALTERNATIVE	8522400		
	OVERSEAS EMERGENCY			
	GUARDIAN LIKE FOR LIKE	100339300		

Persons Present at Tender Opening

Name	Signature	Representing
Shirley Gayle-Sinclair	<i>Shirley</i>	MOFP
Janet Mitchell		
Cecile Dixon	<i>CD</i>	MOFP
Erica Barnes		
Cecile Clare	<i>Cecile Clare</i>	
Orlene Thomas	<i>O. Thomas</i>	CIA/ F&K/ Ltd.
Claudia Ferguson		

Signature of Tender Officer

Tender Officer Rachel Solomon

Project	Placement of Insurance (Group Health)
Location	30 National Heroes Circle, Kingston 4
NCC Category and Grade	Insurance
Tender Closing Date & Time	January 12, 2007 - 3:00 p.m.
Tender Opening Date & Time	January 12, 2007
Comparable Estimate	

Tenders Received

Tender Number	Name of Tenderer	Amount of Tender \$	¢	Remarks
4.	GUARDIAN LIFE.			
	TCC expiry 18/3/07			
	NCC expiry 5/12/07			
	FSC letter compliant 11/1/07			
	ASO			
	OPTION 1.	227179500		
	OPTION 2.	276021500		
	OPTION 3	3305108000		
	OPTION 2A			

Persons Present at Tender Opening

Name	Signature	Representing
Shirley Gayle-Sinclair		
Janet Mitchell	<i>JM</i>	MOFF
Cecile Dixon	<i>CD</i>	MOFF
Erica Barnes		
Cecile Clare	<i>Cecile Clare</i>	
Orlene Thomas	<i>O. Thomas</i>	CIA/ECM Ltd.
Claudia Ferguson		

Signature of Tender Officer

Tender Officer Rachel Solomon

Project	Placement of Insurance (Group Health)
Location	30 National Heroes Circle, Kingston 4
NCC Category and Grade	Insurance
Tender Closing Date & Time	January 12, 2007 - 3:00 p.m.
Tender Opening Date & Time	January 12, 2007
Comparable Estimate	

Tenders Received

Tender Number	Name of Tenderer	Amount of Tender \$	¢	Remarks
4	GUARDIAN LIFE CONTD			
	AD&D			
	OPTION 1	5917560		
	OPTION 1A	9862600		
	OVERSEAS EMERGENCY			
	OPTION 1	99511250		

Persons Present at Tender Opening

Name	Signature	Representing
Shirley Gayle-Sinclair		
Janet Mitchell	<i>[Signature]</i>	MOFP
Cecile Dixon	<i>[Signature]</i>	MOFP
Erica Barnes		
Cecile Clare	Cecile Clare.	
Orlene Thomas	<i>[Signature]</i>	CHA/ Keller Ltd.
Claudia Ferguson		

Signature of Tender Officer

Persons Present at Tender Opening

Name	Signature	Representing
KADCHIE TAYLOR	<i>[Signature]</i>	ALLIED INS. BROKER
MARJIE WITCHAMRE	<i>[Signature]</i>	Guardian LIFE LTD.
NATASHA CAMPBELL	N. Campbell	Allied Ins Brokers
Claudia Ferguson	<i>[Signature]</i>	GEASO Monitoring Committee
MARLET GREEN	<i>[Signature]</i>	Blue Cross of La. A.S.
ERIC MELHOP	<i>[Signature]</i>	Blue Cross of Jamaica Ltd.
Rupertia Smith	<i>[Signature]</i>	Blue Cross of JAMAICA LTD
Heather Robinson	<i>[Signature]</i>	wife of Jamaica
RAY FORTSON	<i>[Signature]</i>	Aff of America
REYNOLD CORNWALL	<i>[Signature]</i>	OFFICE OF THE CONTRACTOR GENERAL
MARIE BONNET	<i>[Signature]</i>	Office of the Contract General
PAUL GOSPEL	<i>[Signature]</i>	Office of the Contract General
Alicia Foster	<i>[Signature]</i>	Guardian Life
Mark Hodgman	<i>[Signature]</i>	Guardian Life
Edith Allward Anderson	<i>[Signature]</i>	GEASO
DAVID G. TOWNSEND	<i>[Signature]</i>	Ministry of Finance Planning
CLEVELAND BARNES	<i>[Signature]</i>	Blue Cross of Jca.

Signature of Tender Officer: *[Signature]*

Appendix 1

to the

OFFICE OF THE CONTRACTOR GENERAL

Monitoring and Investigation Report

On the Tendering and Tendering Evaluation Processes and on the Recommendations for the Award of a Contract for the Government Employees Administrative Services Only (GEASO) Health Insurance Scheme to Life of Jamaica Limited (LOJ)

①

**EXTRACT TAKEN FROM THE TWENTIETH ANNUAL REPORT OF THE
CONTRACTOR-GENERAL FOR JANUARY TO DECEMBER 2006**

(Pages 15-19)

**Government Employees' Administrative Services Only (G.E.A.S.O.) Health Scheme
Contract**

It is very important that the details of the OC-G's most recent intervention in this matter, together with the circumstances which have warranted it, are recorded and reported.

The procurement of health services for the members of the Public Service is of considerable importance to the OC-G. The G.E.A.S.O. Health Scheme, which addresses this issue, has an estimated cost of J\$2 Billion per annum. Approximately \$1.68 Billion of this sum was reportedly paid by the Government and, by extension, the taxpayers of Jamaica, in the 2005/2006 fiscal year.

The OC-G's concern about the G.E.A.S.O. Health Scheme is founded primarily upon the fact that the contract for the Scheme, as at December 2005, had not since 1995 been tendered by the Ministry of Finance and Planning (MOFP). The contract has been repeatedly renewed each year, on February 1, on an uncompetitive basis, and on each such occasion, the award has been made to one carrier, namely Blue Cross of Jamaica Ltd. (Blue Cross).

Secondly, and particularly because the contract has not been subjected to the scrutiny and the rigor of competition in the open marketplace, there remains an open question which is of significant and vital importance. The question is whether the Jamaican taxpayer and the Public Service employee, whose contributions together compose the contract costs, have received and are receiving value for money.

Thirdly, the OC-G has determined that the subject one-year contracts have all been successively awarded to Blue Cross, by the Government, in violation of its own Procurement Policy and Procedures. As far as the OC-G is aware, none of the annual contracts was either evaluated or endorsed by the National Contracts Commission (NCC), prior to their award, since the NCC commenced its contract endorsement operations in June of 2000. The contracts have also been awarded without due consideration to the principles of merit and impartiality which are enshrined in Section 4 (1) of the Contractor General Act.

Fourthly, the OC-G's interest in the procurement of the Service is driven by the complexity of the procurement and also by the very important welfare implications which it poses for Government employees. The OC-G, it must be observed, is also very mindful of the unique administrative and technical infrastructure which must be invested by the service provider to effectively deliver health benefits to Public Officers.

It is also very important to record that the MOFP, by way of letter which was dated May 16, 2000, had sought the advice of the newly established NCC as to whether or not the annual G.E.A.S.O. contract should, at that point, be put to tender. In his response, which was dated June 15, 2000, Mr. Gordon Wells, the then Chair of the NCC advised the MOFP that it was not the NCC's responsibility "*to advise whether or not a scheme should go to tender*".

Mr. Wells had also indicated, in his letter, that he had "*passed these papers to the (then) Contractor-General for his assessment and reply to you*". However, although the referenced letters and 'papers' are on file at the OC-G, there is no record, on the OC-G's files, of any other written communication on the matter for the period June 15, 2000 to early 2003.

Of note, however, was that during the period 2003 to 2005, a number of written representations were made directly to the MOFP, by another insurance carrier, for the G.E.A.S.O. Health Scheme to be put to competitive tender. The representations, which were copied to the OC-G, as at December 2005, had, for the most part, borne no fruit from the MOFP.

It was against this background, therefore, that the OC-G's own representations, for the G.E.A.S.O. Health Scheme contract to be put to public competitive tender, began in earnest in December 2005.

Having discovered that the annual contract with Blue Cross was next scheduled for expiration on January 31, 2006, our positions were first formally conveyed by way of letter to the Financial Secretary on December 15, 2005 and again on January 12, 2006.

A subsequent letter from the OC-G to the Honourable Minister of Finance and Planning, which was dated February 1, 2006, requested, *inter alia*, an update on the status of the contract with Blue Cross. The requisition resulted in the receipt of assurances, from the Ministry, that the contract would be put to public competitive tender. In point of fact, the Ministry advised the OC-G that Cabinet had agreed that the scheme should "*be put to public tender by April 2006*". (Ref. Cabinet Decision No. 37/05, dated December 19, 2005).

Recognizing, however, that the contract had been renewed again with Blue Cross, pending tender, the OC-G, by way of letters which were dated February 10 and 16, 2006, served the MOFP with formal notice of its intention to comprehensively monitor the anticipated and pending procurement.

Following after two (2) further letters which were dispatched to the MOFP on April 11 and May 3, 2006, the OC-G again wrote to the MOFP, on June 21, 2006. The objective of the last letter was to re-direct the Ministry's attention to the content of Cabinet's Decision No. 37/05 and to express, *inter alia*, the OC-G's concern that "*the decision of Cabinet should be implemented without further delay and that the award of the contract (should) be fair, transparent, meritorious, and that value for money should be achieved*".

Having not received a response to our letter of June 21, an additional letter was directed to the Financial Secretary on July 11, 2006. In that letter, we reiterated "*the concern ... that the preparation of the tender of the GEASO is taking an inordinately long time and could impair the integrity of the procurement process*". The OC-G's letter of July 11, 2006 was copied to the Minister of Finance and Planning and the Cabinet Secretary.

Despite all of these efforts to receive a definitive status update from the MOFP on the matter, nothing was heard from the Ministry. Not being satisfied that the tender was being satisfactorily expedited or that the OC-G's expressed concerns were being treated with the seriousness which they deserved, the OC-G consequently took the decision, on August 17, 2006, to write directly to the Cabinet Secretary in the following terms:

"Dear Cabinet Secretary:

Re GEASO Health Plan – Contract Between the Government and Blue Cross of Jamaica

As you are aware, the Office of the Contractor General has been making aggressive and strong representations to the Government that the contract for the provision of health insurance for public sector workers (GEASO) must be renewed by way of PUBLIC COMPETITIVE TENDER.

For several years, this contract has been awarded, on a renewal basis, to the same contractor in direct contravention of the Government's own Procurement Procedures and in clear violation of the Public Body contract award principles which are enshrined in the Contractor General Act.

The OC-G has written approx. ten (10) letters since December 15, 2005 to the principal Government portfolio officers in this matter, namely the Minister of Finance and Planning, the Financial Secretary and the Deputy Financial Secretary, with copies to you in a number of instances.

Our letters to the Government, which ended with letters dated June 21 and July 11, 2006 to the Financial Secretary ..., have included strong and forthright recommendations that, in compliance with the prescribed Government of Jamaica Procurement Guidelines, as well as in the interest of fairness and transparency, the GEASO must be renewed on a competitive basis.

Additionally, Cabinet, by way of its decision No. 37/05, dated 19.12.05, had agreed that the scheme should be put to tender by April 2006.

Despite the foregoing, the target date for the tender of the subject contract is being constantly shifted. Needless to say, this could be and has been perceived as a further undermining of the Government of Jamaica's own Procurement Procedures and Guidelines.

It is our considered view that given the magnitude of the amounts involved - of ~ \$2 Billion, that the integrity of the public sector procurement process must be preserved and that the subject contract renewal must accordingly proceed, on a competitive basis, without any further delay.

In light of the gravity of this matter and the apparent attendant delays which are now clearly associated with it, this letter is being copied to the Most Honourable Prime Minister.

With many kind and sincere regards.

Very respectfully yours,

Greg Christie (Signed)

Greg Christie
Contractor General"

The OC-G's letter to the Cabinet Secretary, which was copied to the Most Honourable Prime Minister, the Honourable Minister of Finance and Planning and the Financial Secretary, subsequently produced a response from the Cabinet Office which was dated September 12, 2006.

In its response, The Cabinet Office advised the OC-G that "*the Ministry of Finance and Planning (MOFP) is now in a position to go to public tender for (the subject GEASO Health Plan) services. The MOFP expects to publish the Request for Proposals (RFP) on September 23, 2006, with a view to having a new contract in place in February 2007*".

Following after the Cabinet Office's letter, a verbal request was then made by the OC-G, on September 15, to the MOFP, for a copy of the RFP to be submitted for review prior to its placement. The request, however, was not complied with. In consequence, the OC-G was not afforded the opportunity to review the RFP prior to the MOFP's advertisement of same in the Daily Gleaner newspaper of September 22, 2006.

This latest circumstance again underscored the necessity for the OC-G's continued vigilance over, and proactive intervention into, the G.E.A.S.O. Health Scheme procurement.

Following the MOFP's Daily Gleaner advertisement, the OC-G again wrote to the MOFP, on September 27, 2006, to remind the Ministry of the verbal request which had been previously made for a copy of the RFP to be provided to the OC-G for review. Consequent upon the OC-G's letter of September 27, 2006, a meeting was then convened with a representative from the MOFP to discuss the matter.

At the meeting, a preliminary and verbal review of the RFP was undertaken, at which time certain inadequacies which were identified in the RFP were communicated to the Ministry's representative. The findings of the review were subsequently detailed and formally communicated in writing, by the OC-G, to the Financial Secretary, on October 4, 2006.

The OC-G's review of the RFP had revealed several weaknesses that would have compromised the fairness and transparency of the tender had the MOFP been allowed to proceed with the tender process un-impeded. Having regard to the gravity of the inadequacies of the RFP, the MOFP accepted the OC-G's recommendation to withdraw the Invitation to Tender and to effect the appropriate amendments to same. The OC-G was so advised by the Financial Secretary on October 18, 2006.

Following the MOFP's notification of its withdrawal of the Invitation to Tender, the OC-G, by way of letter dated October 23, 2006, reiterated its stance that it was incumbent upon the MOFP to expeditiously resume the tender process in order to meet Cabinet's newly revised timeline of February 2007.

Subsequent to the amendments of the RFP, the MOFP, on November 30, 2006, assured the OC-G that it was its tentative plan to advertise the Invitation to Tender by the second week of December 2006. It said that it would do this with the objective of (a) securing a tender opening date for the first week of January 2007, and (b) ensuring completion of the actuarial assessment of the tenders by the end of January.

The MOFP also advised the OC-G that, *"barring any disruption to this schedule, it is anticipated that the new contract will be in place by April 2007"*.

It is the OC-G's understanding that the MOFP's Invitation to Tender was in fact re-issued by way of public advertisement, on December 19, 2006.

It is clear that definitive efforts are now being made by the MOFP and the Cabinet to competitively renew the G.E.A.S.O. contract. In going forward, however, there is no doubt that the process is one which should command the continued attention of the OC-G. Indeed, the public interest, itself, demands that the procurement should be subjected to the highest possible levels of public scrutiny, with particular regard being paid to the ideals of competition, transparency, fairness, merit and value for money.

It is also critically important that every possible step should be taken by the Cabinet to ensure that there are no further delays in the contract award process which remains to be completed in the matter.

A failure by the Cabinet to act accordingly would not only have the effect, however unintended, of giving the incumbent carrier a further unfair advantage, but it would also strike a potentially fatal blow to one of the guiding principles of the Government's own Policy on Public Sector Procurement, namely that which speaks to the maintenance of "fairness, integrity and public confidence in the procurement process".

In the final analysis, however, the OC-G feels obliged to respectfully but very strongly reiterate its recommendation to the Cabinet, the Government and the Legislature, to implement every immediate and appropriate measure to ensure that there is strict conformance, by Public Bodies, with the Government's Procurement Policy and Procedural Guidelines and also with the contract award principles which are enshrined in Section 4 (1) of the Contractor General Act.

Appendix 2

to the

OFFICE OF THE CONTRACTOR GENERAL

Monitoring and Investigation Report

On the Tendering and Tendering Evaluation Processes and on the Recommendations for the Award of a Contract for the Government Employees Administrative Services Only (GEASO) Health Insurance Scheme to Life of Jamaica Limited (LOJ)



COPY (2)

Any reply or subsequent reference to this communication should be addressed to the Contractor-General and the following reference quoted:-

No. : 16-9-253

TELEPHONE No. : 876-929-8560/6466

FAX No. : 876-929-7335

E-mail: gchristie@ocg.gov.jm

OFFICE OF THE CONTRACTOR-GENERAL

17 KNUTSFORD BOULEVARD

P.O. BOX 540

KINGSTON 5

JAMAICA, W.I.

URGENT

June 14, 2007

Mr. Colin Bullock
Financial Secretary
Ministry of Finance & Planning
30 National Heroes Circle
Kingston 4

Dear Financial Secretary:

Re: Contracts re Government Employees Administrative Services Only Health Scheme (GEASO)

We have noted, with concern, certain statements which have been attributed to you and/or the Ministry of Finance and Planning (MOFP) in a front page article in today's edition of The Gleaner newspaper. The article is entitled "*Health Insurance Overhaul Coming - New Provider for Thousands of Public Sector Workers*".

In particular, we have taken note of the following alleged statements:

- (i) *In a press release issued yesterday the Finance and Planning Ministry said that the arrangements with Blue Cross have been part of an understanding with the unions.*
- (ii) *"Proposals from the health insurance industry have since been evaluated and submitted to the National Contracts Commission (NCC). The unions are now perusing the proposals and evaluations and every effort is being made to complete this process by the end of this month". "NCC will then submit their assessment and recommendations to Cabinet for final approval."*
- (iii) *Mr. Bullock later confirmed that the NCC has reviewed the submission and added that it is now being examined by the GEASO worker monitoring committee, which comprises representatives from the different categories of workers. At the end of this review, he said, it is expected that a submission will be made to Cabinet.*

We would be grateful if you would provide to us, by 3:00 PM, Friday, June 15, 2007, with your formal clarification, in writing, as to the veracity or otherwise of the foregoing alleged statements and, in particular, what are the definitive positions of the MOFP in so far as the status of the subject procurement is concerned. In responding to us, we would ask that you bear the following in mind:



(2)

- (1) As regards the alleged statements at item (i), we should direct you to a MOFP letter to the Contractor General which was dated January 6, 2006 and which was signed on your behalf by Ms. M. C. Clare. In that letter, Ms. Clare sought to validate and rationalize the so called subject arrangements and understandings between the MOFP and the Unions. She expressed, *inter alia*, that "any (procurement) decision taken will have to be agreed on by all the Members of the Committee and also the Unions which are represented".
- (2) In our letter of response to you, which was dated January 12, 2006, and which was copied to Mr. Wayne Jones, President of the Civil Service Association, we advised that the positions of Ms. Clare were not consistent with the Government Procurement Guidelines and were superseded, *inter alia*, by the requirements of the National Contracts Commission (NCC) regime and the requirements of the Contractor General Act as amended in 1999. It is also instructive to note that you subsequently advised me that "the positions which were conveyed in the (Clare) letter were not authorized by the MOFP and, indeed, were contrary to the Ministry's, the Government's and the Cabinet's stand on the matter". (Please see OCG letter to you dated February 3, 2006 with File Note attached and your own letter to me of February 8, 2006 in which you confirmed your acceptance of the relevant passages of the File Note).
- (3) As regards the alleged statements at items (ii) and (iii), you are no doubt aware that the National Contracts Commission (NCC), at its meetings of May 16 and May 30, 2007, has already comprehensively evaluated and endorsed the considered recommendation of the Ministry of Finance and Planning (MOFP) to award the subject contracts to Life of Jamaica Limited (LOJ). By way of letter, which was dated May 31, 2007, you were instructed by the NCC "to submit the contract for the approval of the Cabinet".
- (4) We would also wish to point out that having reviewed the tendering and evaluation processes which were employed by the MOFP in its procurement of the contracts for the GEASO Scheme, the OCG has determined that the process, thus far, which has led to the MOFP's recommendation of the contract award to LOJ was one which was fair, transparent, meritorious and which was conducted in compliance with the stated tender evaluation methodology and criteria as well as in compliance with the Government's Procurement Rules and Guidelines.

Very respectfully yours,

Greg Christie
Contractor General

CC. Dr. The Hon. Omar Davies, Minister of Finance & Planning
Dr. The Hon. Carlton Davis, Cabinet Secretary

Appendix 3

to the

OFFICE OF THE CONTRACTOR GENERAL

Monitoring and Investigation Report

On the Tendering and Tendering Evaluation Processes and on the Recommendations for the Award of a Contract for the Government Employees Administrative Services Only (GEASO) Health Insurance Scheme to Life of Jamaica Limited (LOJ)



COP

3

Any reply or subsequent reference to this communication should be addressed to the Contractor-General and the following reference quoted:-

OFFICE OF THE CONTRACTOR-GENERAL
17 KNUTSFORD BOULEVARD
P.O. BOX 540
KINGSTON 5
JAMAICA, W.I.

No. :
TELEPHONE No. : 876-929-8560/6466
FAX No. : 876-929-7335
E-mail:

VERY URGENT

June 24, 2007

Mr. Colin Bullock
Financial Secretary
Ministry of Finance & Planning
30 National Heroes Circle
Kingston 4

Dear Financial Secretary:

Re: Recommendation for the Award of Contract - Government Employees Administrative Services Only Health Scheme (GEASO)

Thank you very much for your letter of the 21st instant in the captioned regard which, along with your letter of the 15th instant, was written in response to ours of June 14, 2007.

We have noted, in particular, the assurances which you have provided to us as follows:

- (a) "The Ministry of Finance has done nothing to avoid or countermand the recommendations of the NCC ..."
- (b) "... our interface with the GEASO Monitoring Committee has not led to any reversal of the technical assessment of the staff of (the) Ministry of Finance and Planning within the frame of the Requests for Proposals and the Procurement Procedures".
- (c) "All relevant documents, including the NCC's endorsement and Cabinet Submission, are now being presented to the Honourable Minister of Finance for submission to Cabinet".

The Office of the Contractor General (OC-G) believes that it is important for it to formally outline the following positions for the record:

- (1) The National Contracts Commission (NCC) and the OC-G are the two independent Commissions of Parliament which have been established and mandated by law to ensure that the subject procurement, like all other Public Sector procurements, is prosecuted in compliance with (a) the requirements of the Contractor General Act, (b) the Government Procurement Procedures Handbook (GPPH), and (c) the foundation ideals of the Jamaica Public Sector Procurement Policy and Process which call for probity, competition, value for money, transparency, and fairness in the award of Government contracts.



Mr. Colin Bullock, Financial Secretary
(Page 2)

- (2) Both the NCC and the OC-G, by their actions, have already endorsed the subject procurement as having satisfied these requirements.
- (3) The NCC, at its meetings of May 16 and 30, 2007, conducted a thorough review and evaluation of the Ministry's submission. As a part of its review, the NCC sought 'in person' clarifications from officials of the Ministry and the Consulting Actuarial Firm. The NCC then endorsed the Ministry's recommendation that the subject contract should be awarded to Life of Jamaica Limited (LOJ). By way of letter, which was dated May 31, 2007, the NCC formally instructed the Ministry to submit the endorsed recommendation to the Cabinet in keeping with the requirements of Section 23D(1)(c) of the Contractor General Act.
- (4) The OC-G, from the very outset, has closely monitored the tender-invitation and tender-evaluation process which was employed by the Ministry in its procurement of the subject services for the GEASO Health Scheme. The matter has been extensively reported upon, in part, by the OC-G, at pages 15 to 19 of its Annual Report for calendar year 2006.

The OC-G, by way of copy of its letter of June 15, 2007 to you, to the Honourable Minister of Finance and to the Cabinet Secretary, has recorded its satisfaction with the process *so far*.

The OC-G is of the considered view that the process which has resulted in the Ministry's recommendation of the contract award to LOJ, was one which was competitive, fair, transparent and meritorious and one which was executed in compliance with the GPPH and the relevant provisions of Section 4 (1) of the Contractor General Act.

- (5) It is against this background, therefore, that the OC-G remains *very* concerned about the impending status of the procurement. Despite the Ministry's much publicized 'interface' with the GEASO Monitoring Committee, several Committee representatives have continued to publicly question the Ministry's recommendation that the subject contract should be awarded to LOJ.
- (6) While the OC-G is in no position to speculate or comment on why GEASO Monitoring Committee Members and Public Sector Union Officials have adopted this position with the Ministry, it is clear to the OC-G that if the situation is not addressed promptly and effectively, the integrity of the Government's Procurement Process, and the NCC, and the public's confidence therein, could be seriously jeopardized.
- (7) The OC-G therefore strongly recommends that the Ministry should move with despatch to forward, to the Cabinet, the NCC's recommendation of May 30, 2007 in compliance with the NCC's written instructions of May 31, 2007. The OC-G also believes that it is imperative that the relevant details of the comparative cost and benefit considerations upon which the Ministry's recommendation to the NCC was predicated, should be publicly disclosed.



Mr. Colin Bullock, Financial Secretary
(Page 3)

- (8) The OC-G also believes that it is critically important to emphasize that the subject procurement was conducted, for the very first time, by way of competitive tender *and* in full compliance with the requirements of the GPPH and the Contractor General Act ... as it should have been for the past several years.

The subject procurement was not conducted on a 'negotiated basis' and could not have been so conducted as has been the case over the course of the past ten (10) years when successive annual contract awards to Blue Cross of Jamaica were consistently procured by way of direct 'negotiation' in clear violation of either the Contractor General Act, the NCC regime and/or the GPPH.

To put it succinctly, the process which has obtained in the past, with respect to the GEASO procurement, can no longer be sustained if (a) the GPPH is to be complied with, (b) if the provisions of the Contractor General Act are to be observed by Procuring Public Bodies and (c) if the determinations of the independent institutions which Parliament has established to monitor and to regulate the Government's Procurement Process, are to be respected.

By way of copy of this letter, I will formally advise the Cabinet, through the good offices of the Cabinet Secretary, of the OC-G's positions as above.

In the interest of transparency and in an effort to ensure that the tax-paying public, the country's public servants and all stakeholders are aware of those of the considered positions of the OC-G as are outlined above, a copy of our letter to you will be circulated to the Jamaican Media.

Very respectfully yours,

Greg Christie
Contractor General

- CC. Dr. The Hon. Omar Davies, Minister of Finance & Planning and Minister with responsibility for the Public Service
Dr. The Hon. Carlton Davis, Cabinet Secretary
Mr. Donald Miller, Acting Chair, National Contracts Commission
The Hon. B. St, Michael Hylton, Solicitor General

Appendix 4

to the

OFFICE OF THE CONTRACTOR GENERAL

Monitoring and Investigation Report

On the Tendering and Tendering Evaluation Processes and on the Recommendations for the Award of a Contract for the Government Employees Administrative Services Only (GEASO) Health Insurance Scheme to Life of Jamaica Limited (LOJ)

4

OFFICE OF THE CONTRACTOR GENERAL

Statement, Issued July 2, 2007, Regarding the Office of the Contractor General's Understanding of the Status of the GEASO Monitoring Committee in the GEASO Health Scheme Contract Procurement Process.

1. The Office of the Contractor General (OC-G) understands that the Government has reportedly suspended the GEASO Health Scheme Procurement Process to facilitate, among other things, the participation of the GEASO Monitoring Committee (GEASO-MC) in the decision-making aspects of the process. This has made it necessary for the OC-G to issue this Statement.
2. This Statement, comprising five (5) pages, is being made in the discharge of the functions of the Contractor General under Section 4 (1) of the Contractor General Act and in furtherance of the exercise of the powers which are reserved to him by Section 24 (1) (b) of the Act. Copies of this Statement will be distributed to the Hon. Speaker of the House of Representatives, the Hon. President of the Senate, the Most Hon. Prime Minister, the Leader of the Opposition, the Hon. Minister of Finance, the Cabinet Secretary, the Financial Secretary, the Solicitor General and the Media.
3. First, it must be made unequivocally clear that the OC-G fully recognizes and accepts the very important and critical role that the GEASO-MC plays in negotiating health benefits for the Public Servants of Jamaica who contribute one in every five dollars to the over J\$2 Billion in costs which are required each year to sustain the GEASO Health Scheme. However, it should also be noted that the remaining costs of the Scheme, namely, four in every five dollars, are borne by the Tax-Payers of Jamaica.
4. Second, as a creature of the law, the Commission of the Contractor General, which is an Independent Commission of Parliament, is bound by the Laws of Jamaica. It must, therefore, and at all times, seek to faithfully discharge its statutory functions "on behalf of Parliament" and, by extension, on behalf of all of the People of Jamaica, in accordance with the provisions of the Contractor General Act.
5. In December 2005, the OC-G began its initiative to urge the Government to put the GEASO Health Scheme contract to public competitive tender, for the first time in ten years, in compliance with the law and the Government's own procurement rules.
6. *From the very outset, the Ministry of Finance & Planning (MOFP), with the full knowledge of the Financial Secretary, the Minister of Finance, the Cabinet Secretary and the Solicitor General, implicitly represented to the OC-G, in writing, that, in accordance with the Government Procurement Procedures Handbook (GPPH), the National Contracts Commission (NCC) Regime and the Contractor General Act, it was the MOFP's, the Cabinet's and the Government of Jamaica's position that the GEASO contract procurement could not be lawfully subjected to the prior approval of the GEASO-MC and would not be so subjected.*

7. *Since this posture has been maintained by the MOFP throughout and up until as recently as June 21, 2007, the date of the MOFP's last correspondence to the OC-G, it is now incumbent upon the OC-G, particularly in light of recent developments, to fully disclose to the public the true facts of this matter. They are set out hereunder.*
8. In response to a letter from the OC-G to the MOFP, which was dated December 15, 2005 and which had recommended that the GEASO Health Scheme contract should be put to public competitive tender, the Financial Secretary, under the signature of another Officer of the Ministry, wrote to the OC-G on January 6, 2006. In the letter, the Ministry Official opined that, based upon a November 1982 MOFP Policy Decision, *"any (procurement) decision taken (regarding the GEASO Health Scheme) will have to be agreed on by all the Members of the (GEASO) Committee and also the Unions which are represented (on the Committee)".*
9. In responding directly to the Financial Secretary, the OC-G, by way of letter which was dated January 12, 2006, advised the MOFP that its 1982 Policy Decision, together with the positions which had been articulated in its January 6, 2006 letter, were not consistent with the GPPH and had in fact been superseded by the requirements of the 1983 Contractor General Act and the 1999 NCC regime. The OC-G's letter was copied to the Minister of Finance, the President of the Jamaica Civil Service Association and the Solicitor General. The OC-G went further and on February 1, 2006, wrote directly to the Minister of Finance, himself, with copy to the Financial Secretary, the Cabinet Secretary and the Solicitor General, and advised that the OC-G had *"found no persuasive force in any of the arguments which were presented (in the MOFP's letter of) January 6, 2006"*.
10. In response to the OC-G's letters of January 12 and February 1, 2006, the Financial Secretary, on February 3, 2006, verbally advised the Contractor General that *"the positions which were conveyed in the (Ministry's January 6, 2006) letter were not authorized by the MOFP and, indeed, were contrary to the Ministry's, the Government's and the Cabinet's stand on the matter"*. The MOFP also assured the OC-G that the GEASO contract would be put to public competitive tender.
11. The Financial Secretary's statements of February 3 were subsequently confirmed in writing in an OC-G letter to the MOFP which was dated the same day and in a MOFP letter to the OC-G which was dated February 8, 2006. Both letters were copied to the Minister of Finance, the Cabinet Secretary and the Solicitor General.

It is instructive to note that the Financial Secretary, in his letter of confirmation of February 8, 2006, went as far as to state that the Officer who had signed the January 6, 2006 letter, on his behalf, "would be forbidden to sign any (future) correspondence on behalf of the Financial Secretary".

12. *In its monitoring of the procurement of the GEASO Health Scheme contract which followed these exchanges of correspondence, and at all material times, the OC-G was therefore guided by the written representations of the Financial Secretary, as above, together with the logical inferences which flowed there-from.*

13. Accordingly, in June 2007, when media reports suggested, and the OC-G was otherwise advised, that the MOFP was in fact in dialogue with the GEASO-MC, notwithstanding (a) the foregoing, (b) that the MOFP had already recommended that the subject contract should be awarded to Life of Jamaica Limited (LOJ) and (c) that the Ministry's recommendation was formally endorsed by the National Contracts Commission (NCC) on May 30, 2007, the OC-G became understandably concerned.
14. Consequently, on June 14, 2007, the OC-G wrote directly to the Financial Secretary to seek the Ministry's clarification regarding the alleged discussions which were then taking place between the Ministry and the GEASO-MC. The OC-G's letter to the Financial Secretary was copied to the Minister of Finance and the Cabinet Secretary.
15. The Financial Secretary was specifically requested to respond, *inter alia*, to the following two media reports:

(a) "*Proposals from the health insurance industry have since been evaluated and submitted to the National Contracts Commission (NCC). The unions are now perusing the proposals and evaluations and every effort is being made to complete this process by the end of this month. NCC will then submit their assessment and recommendations to Cabinet for final approval.*"

(b) "*Mr. Bullock later confirmed that the NCC has reviewed the submission and added that it is now being examined by the GEASO worker monitoring committee, which comprises representatives from the different categories of workers. At the end of this review, he said, it is expected that a submission will be made to Cabinet.*"

It is also critical to note that the Financial Secretary was expressly asked to bear in mind, prior to scripting his response to the OC-G, the positions which he had previously represented to the OC-G, in February 2006, as regards his Ministry's, the Cabinet's and the Government of Jamaica's stand on the GEASO-MC matter.

16. The Financial Secretary did respond to the OC-G's request for clarification by way of letters which were dated June 15 and June 21, 2007. Both letters were copied to the Minister of Finance and the Cabinet Secretary. *In neither letter did the Ministry in any way seek to alter its previously stated position that the GEASO contract procurement could not be subjected to the prior approval of the GEASO-MC.* In point of fact, the Ministry expressly assured the OC-G as follows:

(a) "*(That) the Ministry of Finance has done nothing to avoid or countermand the recommendations of the NCC ...*"

(b) "*(That the Ministry's) interface with the GEASO Monitoring Committee has not led to any reversal of the technical assessment of the staff of (the) Ministry of Finance and Planning within the frame of the Requests for Proposals and the Procurement Procedures.*"

(c) "*(That) all relevant documents, including the NCC's endorsement and Cabinet Submission, are now being presented to the Honourable Minister of Finance for submission to Cabinet.*"

17. *In consequence, as at June 24, 2007, when the OC-G wrote to the MOFP (with copy to the Media) to recommend that it should act decisively and comply with the lawful directives of the NCC and convey the NCC's endorsement of the Ministry's recommendation of the award of the GEASO contract to LOJ, to the Cabinet, the OC-G was still being guided by the positions which had been previously articulated by the Financial Secretary on behalf of the Cabinet and the Government of Jamaica.*
18. The OC-G is of the considered view that the said positions which the Financial Secretary had represented to be those of the MOFP, the Cabinet and the Government of Jamaica, are positions which are consistent with the legal requirements of the Contractor General Act, the NCC Regime and the GPPH. In this regard, the following facts should be noted:
- (a) *The only entity which is recognized by the Contractor General Act (1983) as the initiator and procurer of a Government contract award is a "Public Body". Section 2 of the Contractor General Act defines a Public Body as "a Ministry, department or agency of Government, a statutory body or authority, or any company registered under the Companies Act, being a company in which the Government or an agency of Government, whether by the holding of shares or by other financial input, is in a position to influence the policy of the company".*
- (b) *The only entity which is recognized by the GPPH as the initiator and procurer of a Government contract award is a "Procuring Entity". Section 1.4 of the GPPH, dated May 30, 2001, defines a Procuring Entity as "any Government Ministry, Department, Statutory Organization, Executive Agency, Local Government Authority, Public Company or any other Agency of Government that engages in procurement".*
- (c) *The GEASO-MC is neither a "Public Body" within the meaning of the Contractor General Act nor is it a "Procuring Entity" within the meaning of the GPPH.*
- (d) *Other than a "Public Body" and a "Procuring Entity", the only decision-making authorities that are formally recognized by the Contractor General Act and the GPPH, as being lawful and substantive participants in the Government contract award process, are the NCC and the Cabinet. The GEASO-MC is not so recognized.*
- (e) *In summary, there is therefore at present no provision in the GPPH, the NCC Regime or the Contractor General Act which would qualify the GEASO-MC to lawfully play a substantive or participatory role in the decision-making process for the procurement of the GEASO Government contract award. Nor is there any provision for it to otherwise gain ascendancy over the Ministry's, the NCC's or the Cabinet's lawful authority to so act in the matter.*
- (f) *It must be emphasized, however, that none of the foregoing in any way prohibits the GEASO-MC or any of its members from negotiating, with the Government, the health benefits which will be ultimately provided under the GEASO Health Scheme. However, the GEASO-MC cannot lawfully go beyond this point to negotiate, direct or to otherwise impose its will over the process or to nominate the entity that*

should receive the GEASO Government contract award. And the Government is fully aware of this or it would not have made the unequivocal representations which it had made to the OC-G in February 2006 and again in June 2007.

(g) It should also be made clear that the GPPH, the NCC Regime and the Contractor General Act are all structured to mandate one uniform procurement process for the award of *all Government contracts* and to grant to the Independent Parliamentary Commissions of the NCC and the OC-G, special regulatory and monitoring mandates in respect thereof. These mandates are designed to ensure that the Government's procurement and contract award processes are conducted without irregularity and in compliance with the law, the GPPH, and the principles of probity, competition, value for money, transparency, fairness, propriety and merit.

(h) *Since the current structure of the GPPH, the NCC Regime and the Contractor General Act make no provision for the GEASO-MC or any other special interest group to be involved in the decision-making aspects of the procurement process, the only way that the GEASO-MC can be lawfully accommodated in the process is if the referenced structure is appropriately modified beforehand.*

(i) *Barring any such modifications, which must be effected by due process, the current procurement regime must be allowed to take its natural course in keeping with the rule of law. If it is unlawfully tampered with, a dangerous precedent will be set and the integrity of the entire public sector contract award system, inclusive of the independent institutions which our Parliament has established to regulate and monitor same, will be summarily undermined.*

19. The OC-G's interest in this matter is one which is prescribed by law. Section 4 (1) of the Contractor General Act mandates the Contractor General, "... on behalf of Parliament, ... to monitor the award and the implementation of Government contracts with a view to ensuring that such contracts are awarded impartially and on merit (and that) the circumstances in which each contract is awarded ... do not involve impropriety or irregularity". This Statement is therefore being made irrespective of any decision which the Government may choose to make in this matter.
20. This Statement has not addressed any of the details of the tender-invitation or tender-evaluation processes of the subject GEASO contract procurement. Several serious and critical questions regarding this very important issue have been raised in the Media recently. In the circumstances, and particularly because this is a highly technical issue, the OCG feels compelled to reiterate its written recommendation of June 24, 2007, to the MOFP, that it is imperative, in the interest of public transparency, that the relevant details of the comparative cost and benefit considerations upon which the Ministry's recommendation to the NCC to award the GEASO contract to LOJ, were predicated, should be promptly disclosed to the public.
21. The OC-G remains confident that once this is done, a greater understanding will be had of all of the relevant considerations which have obtained, so far, in this matter.

Appendix 5

to the

OFFICE OF THE CONTRACTOR GENERAL

Monitoring and Investigation Report

On the Tendering and Tendering Evaluation Processes and on the Recommendations for the Award of a Contract for the Government Employees Administrative Services Only (GEASO) Health Insurance Scheme to Life of Jamaica Limited (LOJ)



COPY (S)

Any reply or subsequent reference to this communication should be addressed to the Contractor-General and the following reference quoted:-

OFFICE OF THE CONTRACTOR-GENERAL
17 KNUTSFORD BOULEVARD
P.O. Box 540
KINGSTON 5
JAMAICA, W.I.

No. :

TELEPHONE No. : 876-929-8560/6466

FAX No. : 876-929-7335

E-mail:

July 9, 2007

Dr. The Hon. Omar Davies, MP
Minister of Finance and Planning
Ministry of Finance and Planning
30 National Heroes Circle
Kingston 4

Dear Minister Davies:

Re: Government Employees Administrative Services Only (GEASO) Health Scheme

Thank you very much for your letter of July 3, 2007 in the captioned regard. It was received in our Offices on the 5th instant. I was away from the island between July 5 to 7 and, accordingly, did not have the opportunity to respond to your letter prior to today. I trust that you will therefore accept my apologies.

You have advised us of the Cabinet's decisions in this matter and you have directed our attention to Clauses 10.3 and 22 (vii) of the Ministry's Request for Proposals (RFP) as the basis upon which the decisions of the Cabinet were presumably premised.

Clause 10.3 of the RFP provides as follows:

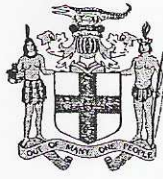
"All representations by the Tenderer in response to this RFP must be in writing, must be factual and will be relied upon by the MOFP and the GEASO Monitoring Committee (GEASO-MC) in their evaluation".

Clause 22 (vii) of the RFP, on the other hand, provides as follows:

"A short list of Tenderers that submitted substantially responsive proposals which satisfy the minimum 80 points may be prepared and invited to an interview by a team consisting of the Consultants, MOF&P and some Members of the GEASO-MC". (My emphasis).

You have stated that, based upon Clauses 10.3 and 22 (vii), "there is an explicit role stated for the GEASO Monitoring Committee (GEASO-MC) in the evaluation of tenders". (My emphasis).

We must respectfully beg to disagree. A careful and dispassionate analysis of the pertinent provisions of the RFP, together with Clauses 10.3 and 22 (vii), will disclose that the subject statement is flawed and cannot be credibly or legally substantiated. We would wish to bring the following to your attention in support of our contention:



Dr. The Hon. Omar Davies, MP
Minister of Finance and Planning - Page 2

1. The substantive functions of the GEASO-MC are clearly and unequivocally articulated in Clauses 2.6, 2.8, 2.9 and 2.10 of the RFP. It is instructive to note that they are of a post-contract-award nature. They do not, in any way, extend to the "evaluation of tenders" as you have stated nor do they extend to any decision-making role in the GEASO contract procurement process. The RFP expressly and unequivocally states that the GEASO-MC "... exists to oversee the operations of the GEASO Health Scheme and the insurance policies" (2.6), "... to (monitor) the operations of the Health Scheme and the service provided by the insurance company" (2.8), to ensure the "... smooth functioning of the Scheme (and) to liaise with union/staff association members to bring problems to the attention of the Administrator", etc. (2.9), and to make "... recommendations to the Financial Secretary for increases/improvements in Subscription Rates, Benefits, related services and any other matters which would improve the efficiency of the Operations of the Scheme", etc. (2.10).
2. The specific role of evaluating the GEASO tenders is expressed in the RFP to be that of the Consulting Actuary and the Consulting Actuary alone. Please see Clause 22 (i).
3. The role of assessing or reviewing the Actuary's evaluation of the GEASO tenders, and making and/or approving the final recommended Proposal as to whom the contract should be awarded, is expressed in the RFP to be that of the Ministry and the Ministry alone acting in "its sole discretion". Please see, in particular, Clauses 22 (ii) and 22 (viii).

Clauses 22 (ii), 22 (viii), 22.2, 22.3 and 22.5 of the RFP reinforce the RFP's clear intent that the Ministry is the sole decision-making authority in the GEASO contract procurement process prior to and up to the point at which the matter reaches the level of the NCC.

4. As regards the specifics of Clause 10.3, it should be noted that Clause 10.3 uses the words "in their evaluation". However, it is instructive to note that Clause 10.3 does not go on to specify or to clarify "in their evaluation" *of what*. Accordingly, Clause 10.3 must be interpreted within the context of the above-referenced provisions of the RFP. The only logical and contextual meaning which can be reasonably inferred from Clause 10.3 is that Clause 10.3 contemplates that the GEASO-MC will rely upon its own evaluation of the Tenderers' representations whenever it is called upon to discharge those of its post-contract-award functions as are spelt out in Clause 2.

Likewise, Clause 10.3 contemplates that the Ministry will also rely upon its own evaluation of the Tenderers' representations when it makes its assessment of the Actuary's evaluation and comes to its own decision as to which Tenderer it will recommend to the NCC for the award of the contract.

Clause 10.3 does not elevate the substantive roles and functions of the GEASO-MC beyond that which is expressly stated in Clause 2. Neither does it en-clothe the GEASO-MC with the authority to evaluate the GEASO tenders, nor does it subject the GEASO contract procurement process to the GEASO-MC's prior approval.



5. The same is also true of Clause 22 (vii). It is our respectful and considered view that all Clause 22 (vii) does is to give "some members of" the GEASO-MC a right to attend "an interview" of a short list of Tenderers but only in the event that such an interview is convened by the Ministry. It does nothing less and it does nothing more. That said, we are unable to accept that the right to attend a non-mandatory interview could, by itself, be construed to mean that a prospective attendee has the right to "evaluate a tender" or to otherwise subject the GEASO contract procurement process to its prior approval.
6. Finally, we must again point out, as we have already done in our Formal Statement of July 2, 2007, that even if Clauses 10.3 and 22 (vii) of the RFP could be construed as en-clothing the GEASO-MC with the right to substantively participate in the GEASO tender evaluation process or to otherwise subject the GEASO contract procurement to its prior approval, these Clauses would be void and of no legal effect by reason of the fact that they would be inconsistent with the letter and the spirit of the GPPH and the Contractor General Act.

You will, however, recall that the OCG has already made it abundantly clear that none of the foregoing would in any way fetter the right of the GEASO-MC to negotiate and to settle, with the Government, the schedule of health benefits which are to be administered through the GEASO Scheme for the benefit of the Country's Public Servants. What is strictly prohibited by the GPPH and the Contractor General Act, in our view, is for the GEASO-MC to go beyond this point to nominate or to recommend the Tenderer to whom the GEASO contract should be awarded.

In light of the foregoing, we are therefore obliged to reiterate that it is our respectful but considered view that the subject statement that "there is an explicit role stated for the GEASO Monitoring Committee (GEASO-MC) in the evaluation of tenders", is one which is materially flawed. It follows that any decision which is substantially premised upon the statement would also be likewise flawed.

To the extent, therefore, that you have advised in your letter that Cabinet has "endorsed a proposal that a team comprising members of the Ministry and representatives of the GEASO-MC would be constituted to study the actuarial report and make a recommendation to the NCC for re-consideration (and that) this approach has been approved by Cabinet as it represents a fair way to meet the conditions (viz. Clauses 10.3 and 22.vii) contained in the RFP ...", we regret that we will be unable to lend our concurrence to the referenced Cabinet decisions.

The OCG would, however, wish to use this opportunity to re-iterate to the Ministry those of its positions which are set out in (a) its letters of June 14 and 24, 2007 to the Financial Secretary and (b), its Formal Statement of July 2, 2007 on the Status of the GEASO-MC in the GEASO Health Scheme Contract Procurement Process.

Paramount among the positions which we have postulated and which we now feel constrained to re-emphasize is that the Independent Parliamentary Commission of the Contractor General is a creature of the Contractor General Act and is therefore necessarily bound by the Act. The Commission is also mandated to ensure that the provisions of the Act and the GPPH are observed by all Public Bodies and



Dr. The Hon. Omar Davies, MP
Minister of Finance and Planning - Page 4

Procuring Entities in their award of Government contracts.

In the circumstances, we do not think that it is necessary for us to go any further to outline the potential consequences that are likely to arise if my Office or I were to knowingly act in a manner which is deemed to be inconsistent with these basic precepts or with the rule of law.

Should you have any questions regarding any of the foregoing, we would be happy to promptly provide you with our answers.

By way of copy of our letter we will bring our positions, as above, to the formal attention of the Cabinet, the National Contracts Commission and the Solicitor General.

We so respectfully advise.

Very respectfully yours,

Greg Christie
Contractor General

Copy: The Hon. Fitz Jackson, MP, Minister of State, Ministry of Finance and Planning
Mr. Colin Bullock, Financial Secretary, Ministry of Finance and Planning
Dr. The Hon. Carlton Davis, Cabinet Secretary
Mr. Donald Miller, Acting Chair, National Contracts Commission
The Hon. B. St. Michael Hylton, Solicitor General

Appendix 6

to the

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Monitoring and Investigation Report

On the Tendering and Tendering Evaluation Processes and on the Recommendations for the Award of a Contract for the Government Employees Administrative Services Only (GEASO) Health Insurance Scheme to Life of Jamaica Limited (LOJ)



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17 KNUTSFORD BOULEVARD
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KINGSTON 5
JAMAICA, W.I.

No. :

TELEPHONE No. : 876-929-8560/6466
FAX No. : 876-929-7335
E-mail:

July 13, 2007

Dr. The Hon. Omar Davies, MP
Minister of Finance and Planning
Ministry of Finance and Planning
30 National Heroes Circle
Kingston 4

Re: Media Release - Procurement of Government Employees Administrative Services Only (GEASO)
Health Scheme Contract Award

I write to formally submit, herewith, for your information and for your records, a copy of the OCG's Media Release, dated July 12, 2007, in the captioned regard.

By way of copy of this letter, I am also forwarding a copy of the Release to the persons to whom this letter is copied.

Very respectfully yours,

Greg Christie
Contractor General

Copy: The Hon. Fitz Jackson, MP, Minister of State, Ministry of Finance & Planning
Mr. Colin Bullock, Financial Secretary
Dr. The Hon. Carlton Davis, Cabinet Secretary
The Hon. Shirley Tyndall, Chair, National Contracts Commission
The Hon. B. St, Michael Hylton, Solicitor General

Enclosure



Any reply or subsequent reference to this communication should be addressed to the Contractor-General and the following reference quoted:-

No. :

TELEPHONE No. : 929-8560/6466

FAX No. : 929-7335

E-mail: general@ocg.gov.jm

OFFICE OF THE CONTRACTOR-GENERAL
17 KNUTSFORD BOULEVARD
P.O. Box 540
KINGSTON 5
Jamaica, W.I.

FOR IMMEDIATE RELEASE

**OFFICE OF THE CONTRACTOR GENERAL RAISES SERIOUS CONCERNS ABOUT GOVERNMENT'S
DECISION TO PROCEED WITH THE REVIEW OF THE GEASO CONTRACT AWARD
RECOMMENDATION**

Kingston, July 12, 2007 – The Office of the Contractor General (OC-G) has, with great concern, taken notice of media reports that the Ministry of Finance and Planning, in keeping with a directive of the Cabinet, has now established a Committee to review the decision which was made earlier by the Ministry to recommend that the GEASO Health Scheme contract should be awarded to Life of Jamaica Ltd.

It is the OC-G's understanding that the Review Committee is comprised of representatives of the Ministry and the GEASO Monitoring Committee and that the Review Committee will formally commence its deliberations on Friday, July 13, 2007. These reports are generally consistent with the contents of a letter, dated July 3, 2007, which was written to the Contractor General by the Minister of Finance and Planning.

The OC-G, in its prior correspondence to the Ministry of Finance, the Cabinet and the Solicitor General, had unequivocally advised that the participation by the GEASO Monitoring Committee in the GEASO Health Scheme contract award decision-making process, if permitted, would contravene the very Procurement Procedures and Guidelines which the Government itself has promulgated to regulate and to ensure probity in the Government's contract award process. The Ministry, with the full knowledge of the Cabinet Secretary and the Solicitor General, had expressed its agreement, in writing, with these positions.

The Government was also advised that to act in this manner would contravene the required principles of merit, impartiality, propriety and lack of irregularity, in the award of Government contracts, which are enshrined in Section 4 (1) of the Contractor General Act.

...MORE



It is instructive to note that the Contractor General, which is an independent Commission of Parliament, is expressly mandated by the Contractor General Act to ensure that these required principles, together with the Government's Procurement Procedures, are scrupulously observed by all Public Bodies and Public Procuring Entities in their award of Government contracts.

That the Cabinet and the Ministry of Finance have therefore chosen to proceed in a manner which the Ministry itself has conceded in writing would be "contrary to the Ministry's, the Government's and the Cabinet's stand on the matter", has raised very serious concerns about the credibility of the Government's undertakings and its willingness to abide by the rule of law.

It is the OC-G's considered view that the Government's deliberate and questionable actions in this matter have inflicted grave and irreparable harm to the integrity of the public-sector procurement process and the Independent Commissions which have been established by law to monitor and to regulate the award of Government contracts.

To the extent, therefore, that the review process which will be shortly commenced is one which will take place outside of the ambit of the Government's Procurement Procedures, and contrary to the provisions of the Contractor General Act, neither the process nor any contract award which results there-from will receive the affirmative sanction of the Commission of the Contractor General under Section 4 (1) of the Act.

-END-

Contact: Claudia Williams
Communications Officer
Office of the Contractor-General
Tel: (876) 929-6460
Pvt: (876) 968-8061
E-mail: cwilliams@ocg.gov.jm

Appendix 7

to the

OFFICE OF THE CONTRACTOR GENERAL

Monitoring and Investigation Report

On the Tendering and Tendering Evaluation Processes and on the Recommendations for the Award of a Contract for the Government Employees Administrative Services Only (GEASO) Health Insurance Scheme to Life of Jamaica Limited (LOJ)



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No. :

TELEPHONE No. : 876-929-8560/6466

FAX No. : 876-929-7335

E-mail:

OFFICE OF THE CONTRACTOR-GENERAL

17 KNUTSFORD BOULEVARD

P.O. BOX 540

KINGSTON 5

JAMAICA, W.I.

July 13, 2007

Dr. The Hon. Omar Davies, MP
Minister of Finance and Planning
Ministry of Finance and Planning
30 National Heroes Circle
Kingston 4

Dear Minister Davies:

Re: Draft Preliminary Monitoring Report - Procurement of Government Employees Administrative Services Only (GEASO) Health Scheme Contract Award

I write to formally submit, herewith, for your information and review, a copy of the OCG's seventeen (17) page Draft Preliminary Monitoring Report in the captioned matter.

The subject Draft Report seeks to summarize the OCG's assessment, as at June 2007, of the Tendering and Evaluation Processes which have led to your Ministry's Recommendation, to the National Contracts Commission (NCC), to award the subject GEASO Health Scheme contract to Life of Jamaica Limited (LOJ).

As you are no doubt aware, our assessment is based primarily upon the documentation which your Ministry has so far provided to us and to the NCC.

In the circumstances, if your Ministry is privy to any information which could materially alter any of the observations which we have made or the Conclusions which we have arrived at in our Report, we are hereby requiring you to provide same to the OCG, in writing and at our Offices, no later than 3.00 PM on Friday, July 20, 2007.

Our request to you is being made pursuant to the powers which are reserved to the Contractor General by the Contractor General Act and particularly by the provisions which are contained in Section 4 (3) of the Act.

There is another very critical and urgent matter which we feel compelled to bring directly to your attention. We have so far urged your Ministry three (3) times, in writing, to disclose to the Public the relevant technical considerations which have guided its Recommendation to award the subject contract to LOJ and to explain why the recommendations of the Consulting Actuary were rejected by it.



(2)

Our requests to your Ministry were made by way of letters which were dated June 24 and July 9, 2007 and by way of our Formal Statement which was made on July 2, 2007.

We believe that the Tax-Paying Public and the Country's Public Servants have a right to know these facts. We also believe that without a full disclosure, the legitimacy of the actions of the Ministry, and the NCC, will be rightly challenged for want of transparency, and that confusion and suspicion will reign.

However, as your Ministry to date has not responded to our request, I would like to use this opportunity to respectfully appeal directly to you, as the Minister of Finance and Planning, to consider and to act upon our strong recommendation to ensure that a full and prompt public disclosure is made by your Ministry of all of the relevant facts in this very important matter.

On a final note, we would wish to point out that our Draft Preliminary Report does not seek to address the question of whether the Ministry's Request for Proposals (RFP) makes provision for the GEASO Monitoring Committee (GEASO-MC) to play a role in the evaluation of the tender or in the decision-making aspects of the procurement process. That has been dealt with elsewhere.

In your letter to us of July 3, 2007, you had advised that Cabinet's decision to establish a Committee to review the Ministry's Recommendation was predicated upon the belief that Clauses 10.3 and 22 (vii) of the Ministry's RFP would suggest that "there is an explicit role stated (in the RFP) for the GEASO-MC in the evaluation process".

In our Response to you of July 9, 2007, we advised you, *inter alia*, that "a careful and dispassionate analysis of the pertinent provisions of the RFP, together with Clauses 10.3 and 22 (vii), will disclose that (any such belief) is flawed and cannot be credibly or legally substantiated". We have provided you with a comprehensive and credible explanation to fully support our contentions.

Very respectfully yours,

Greg Christie
Contractor General

Copy: The Hon. Fitz Jackson, MP, Minister of State, Ministry of Finance & Planning
Mr. Colin Bullock, Financial Secretary
Dr. The Hon. Carlton Davis, Cabinet Secretary
The Hon. Shirley Tyndall, Chair, National Contracts Commission
The Hon. B. St, Michael Hylton, Solicitor General

Enclosure (Copy of Draft Preliminary Monitoring Report sent only to the Minister of Finance and Planning)

Appendix 8

to the

OFFICE OF THE CONTRACTOR GENERAL

Monitoring and Investigation Report

On the Tendering and Tendering Evaluation Processes and on the Recommendations for the Award of a Contract for the Government Employees Administrative Services Only (GEASO) Health Insurance Scheme to Life of Jamaica Limited (LOJ)



COPY

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Any reply or subsequent reference to this communication should be addressed to the Contractor-General and the following reference quoted:-

No. :

TELEPHONE No. : 876-929-8560/6466

FAX No. : 876-929-7335

E-mail: general@ocg.gov.jm

OFFICE OF THE CONTRACTOR-GENERAL
17 KNUTSFORD BOULEVARD
P.O. BOX 540
KINGSTON 5
JAMAICA, W.I.

July 19, 2007

The Editor
The Gleaner Company Limited
7 North Street
Kingston

Dear Editor:

I should be grateful if you would be so kind as to allow me the opportunity to clarify the positions of the Office of the Contractor General (OCG) as regards the GEASO Health Scheme contract award matter.

The OCG supports the right of the GEASO Monitoring Committee to bargain for, and to secure, a substantive and participatory role in the decision-making processes which impact the livelihood of the Public Servants who they represent.

If it has been agreed between the Government and the GEASO Monitoring Committee that such rights are to extend to the right of the Committee to play a participatory role in the procurement of the GEASO Health Scheme contract, then that is a matter between the Government and the Committee. However, if the circumstances are such that the purported extension of the right is not recognized by the Government's Procurement Procedures Handbook (GPPH), or by the Contractor General Act, then the OCG will understandably have an interest.

In keeping with its mandate to monitor the Government's contract award process, the OCG is obliged to ensure the propriety of Government contract awards. It is in this respect that the OCG has observed that the GPPH, and the Contractor General Act, as they currently stand, provide no discernable bases upon which the GEASO Monitoring Committee can lawfully participate in the procurement process.

When the GEASO Health Scheme Contract was last put to tender in 1995, neither the National Contracts Commission (NCC) regime nor the GPPH were in existence. This is a very important fact which needs to be recognized since they have changed the rules of the game which obtained prior to 2000 and to which the GEASO Monitoring Committee was accustomed.

Having said that, it is extremely critical to understand that the foregoing are not views which are held solely by the OCG. The Ministry of Finance, which has been leading the GEASO process, has communicated, in writing, to the OCG, that these are observations which are reflective of not only its own position, but also the position of the Cabinet and the Government of Jamaica.



(2)

The Ministry's communication of February 8, 2006, in the foregoing regard, was copied to the Minister of Finance, the Solicitor General and to the Cabinet Secretary. To date, it has not been withdrawn or denied by any of these authorities.

It is particularly for these reasons, therefore, that the OCG has expressed its astonishment that the Government has now enjoined the GEASO Committee, and the Unions, in a review process which it has conceded has no sustainable basis in law.

It is also for these reasons that the OCG cannot, in good conscience, support what is being done. We understand that the position which we have taken may not be perceived to be a popular one. However, what matters is that it is the right and principled one and it is in this context that the OCG hopes that its positions will be dispassionately judged and understood.

In a very cordial and candid telephone discussion which I had yesterday with the President of the Jamaica Civil Service Association, Mr. Wayne Jones, we discussed these matters. I harbor no doubt that Mr. Jones is committed, as I am, to the principle of due process and to the un-conditional adherence to the rule of law.

During our discussions, I expressed to Mr. Jones, my concern that while the current GEASO review process may appear to be a victory for the GEASO Monitoring Committee, the victory may nonetheless be short-lived. Why is this?

If the right of the GEASO Monitoring Committee to participate in the Government contract award process is not embodied in the GPPH, or secured under the law, then the Committee will have nothing more than an illusory right - a right which is likely to evaporate should it be challenged in the appropriate forum.

Whatever, therefore, may result from the current GEASO contract award process, genuine efforts should be made to ensure that the appropriate due process measures are taken to effectively enshrine the desired rights of the Public Servant in the GPPH and under the law.

Finally, the OCG wishes to make it clear that it unconditionally supports the right of the Public to be advised of the relevant technical considerations which have guided the Ministry of Finance's Recommendation to award the GEASO contract to Life of Jamaica Ltd. (LOJ) and to reject the recommendations of the Consulting Actuary.

The OCG has so far urged the Ministry of Finance four (4) times, in writing, to disclose these facts to the Public. In our most recent letter to the Minister of Finance, which was dated July 13, 2007, we respectfully re-iterated our request. We advised the Minister that it was our belief that without a full and prompt public disclosure, the legitimacy of the actions of the Ministry, and the NCC, would be rightly challenged for want of transparency, and that confusion and suspicion will reign.



(3)

We have also submitted to the Minister, for his review, a Draft of the OCG's 17 page Preliminary Monitoring Report in this matter. The Draft Report seeks to summarize the OCG's assessment, as at June 2007, of the Tendering and Evaluation Processes which have led to the Ministry's Recommendation, to the National Contracts Commission (NCC), to award the subject GEASO Health Scheme contract to LOJ.

The OCG's assessment is based primarily upon the documentation which the Ministry of Finance has so far provided to us, and to the NCC. Accordingly, we have asked the Ministry to submit, by Friday, July 20, 2007, any information to which it is privy which it believes could materially alter any of the observations which we have made or the Conclusions which we have arrived at in our Draft Report.

Once our Report is finalized, we will formally submit same to the Parliament of Jamaica. Thereafter, and in the interest of public transparency, we will publish same.

Please accept my sincere gratitude for assisting me to publicly clarify the OCG's positions on a matter which we are all agreed is of significant national importance.

Very respectfully yours,

A handwritten signature in black ink, appearing to read 'Greg Christie'.

Greg Christie
Contractor General

Appendix 9

to the

OFFICE OF THE CONTRACTOR GENERAL

Monitoring and Investigation Report

On the Tendering and Tendering Evaluation Processes and on the Recommendations for the Award of a Contract for the Government Employees Administrative Services Only (GEASO) Health Insurance Scheme to Life of Jamaica Limited (LOJ)



COPY 9

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OFFICE OF THE CONTRACTOR-GENERAL
17 KNUTSFORD BOULEVARD
P.O. BOX 540
KINGSTON 5
JAMAICA, W.I.

No. :

TELEPHONE No. : 876-929-8560/6466

FAX No. : 876-929-7335

E-mail:

September 18, 2007

The Hon. Audley Shaw, MP
Minister of Finance
Ministry of Finance
30 National Heroes Circle
Kingston 4

Dear Minister Shaw:

Re: Status - Government Employees Administrative Services Only (GEASO) Health Scheme Contract Award

May I extend to you my sincere congratulations upon your recent appointment as the Minister of Finance.

While I am aware that you have just commenced your tenure as the Minister, I must nevertheless urgently call your attention to the Office of the Contractor General's grave concerns as they relate to the status of the impending GEASO contract award by the Government of Jamaica.

As you might be aware, the subject contract has been repeatedly awarded by the Government of Jamaica, each year, during the past 10 years, on a non-competitive basis, without public tendering and in clear violation of the relevant provisions of the Government Procurement Procedures Handbook (GPPH) and the Contractor General Act.

Following repeated written representations by the Office of the Contractor General (OCG) for the Government to regularize the situation, the Ministry of Finance, acting pursuant to the directives of the Cabinet, submitted the contract's annual renewal to a public, competitive tendering process in 2006/2007. The referenced tendering process was closely monitored by the OCG.

Upon completion of the tender review process in May 2007, the Ministry of Finance formally recommended the award of the subject contract to Life of Jamaica Limited.

In keeping with the provisions of the GPPH, the Ministry's recommendation was considered, scrutinized and formally endorsed by the National Contracts Commission (NCC) on May 30, 2007. The NCC, by way of letter which was dated May 31, 2007, then formally instructed the Ministry to submit the endorsed recommendation to the Cabinet for its approval.

In a clear and fundamental breach of its own procurement guidelines and procedures, and contrary to the contract award principles which are enshrined in Section 4 (1) of the Contractor General Act, the Cabinet however instructed the MOF to review its recommendation and to do so in concert with the GEASO Monitoring Committee.

It is a matter of public record that the OCG has expressed its strong objections to this unprecedented and unfortunate act on the part of the Cabinet and the Ministry of Finance. The credibility of the reasons which were formally advanced by the Cabinet for adopting this course of action has also been otherwise challenged in writing by the OCG.



(2)

Be that as it may, the Ministry of Finance, despite the passage of several weeks, has failed to advise the OCG as to the status of this matter – one which has already inflicted substantial harm upon the integrity and credibility of the Government's contract award process. It is also a matter which has undermined the authority of the independent Commissions of Parliament, namely the OCG and the NCC, which have been established by law to monitor and to regulate the Government's award of contracts.

In light of the new Government's expressed commitment to strictly uphold the principles which are enshrined in the Contractor General Act, and the GPPH, it is the OCG's respectful view that the Ministry of Finance should abort the referenced Ministry/GEASO Monitoring Committee review process if it has not yet done so.

The OCG must also respectfully insist that the requisite steps should be immediately taken by the Ministry of Finance to comply with the instructions of the NCC and to submit, to the Cabinet, for its approval, the Ministry's recommendation for the award of the contract to Life of Jamaica Ltd.

Any further delay, either by the Ministry or by the Cabinet, in this matter, can only serve to compound the public's failing confidence in the integrity of the Government's contracts award process.

I am enclosing, herewith, for your information, guidance and records, copies of the following OCG documents:

1. Extract taken from the 20th Annual Report of the Contractor General for January to December 2006;
2. OCG Letter to the Ministry of Finance dated June 14, 2007;
3. OCG Letter to the Ministry of Finance dated June 24, 2007;
4. OCG Statement dated July 2, 2007;
5. OCG Letter to the Ministry of Finance dated July 9, 2007;
6. OCG Letter to the Ministry of Finance dated July 13, 2007 enclosing copy of OCG Media Release dated July 12, 2007;
7. OCG Letter to the Ministry of Finance dated July 13, 2007, with copy Draft OCG Monitoring Report on the GEASO Matter. (N.B. No response from the MOF to this letter has so far been forthcoming);
8. OCG Letter to Media dated July 19, 2007;

I would be grateful if you would be so kind as to avail us with your response to our stated positions and requisitions at your very earliest opportunity.

Very respectfully yours,

Greg Christie
Contractor General

Copy: Mr. Colin Bullock, Financial Secretary
Dr. The Hon. Carlton Davis, Cabinet Secretary
The Hon. Shirley Tyndall, Chair, National Contracts Commission

Enclosures

Appendix 10

to the

OFFICE OF THE CONTRACTOR GENERAL

Monitoring and Investigation Report

On the Tendering and Tendering Evaluation Processes and on the Recommendations for the Award of a Contract for the Government Employees Administrative Services Only (GEASO) Health Insurance Scheme to Life of Jamaica Limited (LOJ)



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KINGSTON 5
JAMAICA, W.I.

No. :

TELEPHONE No. : 876-929-8560/6466
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E-mail:

URGENT

October 10, 2007

The Hon. Audley Shaw, MP
Minister of Finance and the Public Service
Ministry of Finance and the Public Service
30 National Heroes Circle
Kingston 4

Dear Minister Shaw:

Re: Status - Government Employees Administrative Services Only (GEASO) Health Scheme Contract Award

We write with reference to our letter to you of September 18, 2007 in respect of the captioned matter.

In that letter we had asked you, *inter alia*, to apprise us of the status of this matter and to let us have your response to our stated positions. Our requisitions of you were made pursuant to the monitoring and investigation powers which are vested in the Contractor General by the Contractor General Act.

Despite our requests of you, to date we have not been availed with a written response. At the same time, we have learned from media reports that the Ministry of Finance has reportedly formulated a position on the matter and has made a Cabinet Submission thereon.

In the premises, we would appreciate receiving from you your written response to our requisitions by 4.00 PM, Friday, October 12, 2007. Please include in your response, particulars of the Cabinet Submission that the Ministry of Finance has reportedly formulated and made to the Cabinet.

Very respectfully yours,

Greg Christie
Contractor General

Copy: Mr. Colin Bullock, Financial Secretary
Senator The Honorable Dwight Nelson, Minister Without Portfolio in the Ministry of Finance
Dr. The Hon. Carlton Davis, Cabinet Secretary
The Hon. Shirley Tyndall, Chair, National Contracts Commission