

Janet T. Mills  
Governor

Sara Gagné-Holmes  
Commissioner



Maine Department of Health and Human Services  
Commissioner's Office  
11 State House Station  
109 Capitol Street  
Augusta, Maine 04333-0011  
Tel: (207) 287-3707; Fax: (207) 287-3005  
TTY: Dial 711 (Maine Relay)

Comments by Acting Deputy Commissioner of Finance, Todd Haber,  
and Director of Contract Management, Jim Lopatosky  
Maine Department of Health and Human Services

Before the Joint Standing Committee on Government Oversight  
Re: Contract Administration in DHHS  
May 20, 2026

Senator Hickman, Representative Mastraccio, and members of the Government Oversight Committee, thank you for the invitation to appear to discuss DHHS contract administration. I am Todd Haber, Acting Deputy Commissioner of Finance for DHHS and I am joined by Jim Lopatosky the Director of Contract Management. We have prepared a few opening remarks and additional information to help inform the Committee on this issue, and then we are prepared to take questions.

The Division of Contract Management (DCM) within the Department of Health and Human Services serves as the central hub for procurement functions across DHHS programs and offices and works closely with Maine Department of Administrative and Financial Services' Office of State Procurement Services, which provides statewide procurement oversight, review, and approval functions. This shared responsibility helps ensure procurement processes are compliant, transparent and consistent across all State agencies. We appreciate the opportunity to provide information and answer questions you have about DHHS procurement generally and in response to recent communication that the GOC has received from vendors.

The Department recognizes the concerns raised by providers and partners regarding contract timelines, communication, invoicing and payment processes, administrative complexity, and the operational and financial impacts these challenges can create for organizations delivering services across Maine. At the same time, staff across DHHS continue to work diligently to manage a high-volume, complex procurement system. Feedback from providers and partners continues to inform ongoing efforts to strengthen processes, while we maintain high standards of quality, integrity, and accountability. The operational realities of the State's large and increasingly complex procurement system are important context for these ongoing improvements and discussions.

DHHS has over 1,300 active agreements. In support of those agreements, DCM oversees the processing of more than 2,200 documents (new contracts and amendments) annually, and the payment of more than 13,000 invoices annually related to those contracts. Contract document volume has steadily increased from an average of 1,550 prior to fiscal year 2020, to approximately 2,100 from fiscal years 2021 to 2025, to more than 2,200 in the current fiscal year. This increase reflects the growing complexity, scale, and operational demands of Department programs and services.

The Department and the Division of Contract Management continuously reviews its processes to identify improvement opportunities and make positive progress on encumbering contracts by the start date identified on the contract. The majority of the Department's contracts have a start date that coincides with the beginning of the state or the federal fiscal year (July 1 and October 1). Of the Department's contracts, 50% have a July 1<sup>st</sup> start; 70% have a start date from July 1<sup>st</sup> through October 1<sup>st</sup>.

The July 1<sup>st</sup> contract start date is meant to coincide with the start of the State fiscal year and available state funds after the legislative budget process, but it does result in periodic bottlenecks. Presently, the Department is ahead of the previous fiscal year in progress to encumber contracts for the start of the next fiscal year. While volume and complexity have increased significantly over time, the Department has continued to implement operational, staffing, and technology improvements designed to strengthen quality, improve timeliness, reduce backlog, and support continuity of services.

The chart included at the end of this testimony shows the volume of in-process documents for the past several years. The spikes are the July 1<sup>st</sup> peaks. The volume peaked in 2024, reaching around 1,000 documents. The chart also shows that the peaks in 2025 and 2026 are lower. Even though the volume of contract documents has not decreased, changes discussed below have led to improvements in the ability of DHHS to effectively process contracts.

The Department recognizes the importance of timely contract execution to providers and we understand that delays can create challenges for organizations delivering services, as well as the Maine people who rely on them for services. While we strive to encumber contracts by their start date, there are several reasons why this may not occur:

- **Volume.** This has an impact on all teams that work to review contracts being put into place, primarily felt by the program teams and DCM. The impact also extends to other State teams as many of the contracts need to be reviewed by the Office of Information Technology and the Office of the Attorney General. Those valued at \$1M or more require the review and approval of the State Procurement Review Committee (SPRC). DAFS Office of State Procurement Services performs the final review and approves the contract to be fully executed. These reviews are important safeguards that help ensure appropriate oversight, compliance, and stewardship of public funds.
- **Rework.** There are times when a contract is going through various reviews and approvals, and changes are requested by the SPRC, the provider, or by DAFS Office of State Procurement Services. When this happens, documents must go back to earlier stages of the process and be updated.
- **Skillset and training.** Developing contracts and completing procurement documentation (such as the PJF-Procurement Justification Form) is complicated and is only part of program staff's responsibilities. Training opportunities are available and are regularly scheduled. However, document quality and completeness can vary, leading to questions, revisions, and rework during the review process.
- **Vacancies and turnover.** Across the board, teams have been challenged with vacancies and turnover. This has impacted program offices, DCM, and other agencies. When people retire and expertise is lost, it can lead to a temporary slow down while other staff are hired and come up to speed.

- **Provider reviews and changes.** While providers generally sign contracts in a timely manner, they often take additional time to review their contracts. From their internal reviews by their own accountant or legal counsel, they may request changes to contract language or budget, creating rework and increasing the length of time to complete the procurement process. This happens mostly when the scope of work changes, or boilerplate terms and conditions (Rider B/D) change.
- **Increasing requirements.** The requirements for putting a contract into place are not static. While the basic process is fairly consistent year-to-year, the enhancement of forms, the additional scrutiny in reviews, and the addition of other supporting documentation all increase the amount of work necessary to get contracts in place. These requirements are important for preventing fraud. They improve the quality of contracts, increase the accountability of providers, the accountability of the Department, as well as audit trail for the Department for transparency purposes.

As part of our commitment to addressing these challenges and improving efficiency for the Department, vendors, and clients, the Department and DCM have implemented a number of changes to strengthen and streamline internal procurement processes. Please note that CADB is the State's contract allocation database, used for tracking a contract from the time it is submitted to DCM to be processed (assembled and reviewed); through the approval and signature processes (DHHS, SPRC, provider), to the time it is finally encumbered with funding (fully executed, with DAFS Office of State Procurement Services).

- **"Funding Line Upload" feature.** This functionality is available for new contracts and allows funding line information from CADB to be uploaded directly into Advantage, eliminating the entry of roughly one hundred data points per contract – and several hundred entries for contracts with multiple funding lines. Reducing manual entry also reduces the potential for errors. This feature has improved process efficiency and significantly reduces the potential for errors. DHHS is working with DAFS to expand this functionality to additional contract types where feasible (such as delivery orders).
- **Generated signature pages and Grant Award Notifications.** For contracts and amendments, the signature page of the document is now automatically generated from CADB, eliminating the entry of two dozen data points per contract. For subrecipient contracts, federal grant information is generated to be an attachment for contracts (required by 2 CFR 200). Each manual entry creates the chance for errors. This feature improves efficiency and reduces the chance for errors.
- **Shared queues.** DCM implemented shared work queues for contract administrators and contract managers (reviewers) along with standard operating procedures (SOP). Previously, work was assigned by provider and the process left challenges that needed to be addressed: priorities were not always handled in the correct order, unbalanced team workload leading to morale issues and challenges in getting work processed timely, and without standard operating procedures, it was harder to shift work between members.
- **Fast-track queues.** These allow smaller and quick-hit items to be processed quickly without being lost by the reviews and processing of standard contracts. Contract work that is part of fast-track queues includes: Advantage (financial system) work and staffing delivery orders.

- **Two-year contract length.** DHHS moved to a two-year standard contract length for many types of contracts with alternating start years. The goal was to help address the high processing around July 1 while balancing between each fiscal year.
- **Template Contracts.** A template contract is used when DHHS has contracts with a number of providers to perform the same service. For example, DHHS has a number of contracts with providers to support MaineCare services for individuals who are not eligible for MaineCare and are uninsured or underinsured. These are processed as a group instead of individually, which drastically reduces the review and approval times, and it ensures the contracts end up with the same language. Template groups range from two contracts to over thirty, over 40% of DHHS contracts are part of a template group.
- **Multi-Vendor Agreements.** These agreements are a special type of template group that share the same allotment (pool of funding) in Advantage. The main benefit is that these eliminate amendments to shift funds between providers. Over the past few years, the number of multi-vendor agreements has significantly increased. Many of these have July 1 starts – roughly 20% of the July 1 volume. To better distribute workload and improve processing efficiency, DHHS is undertaking an effort to shift the start dates to January 1. Additionally, because many of these agreements remained on one-year contract terms, the Department is moving to a two-year standard contract length for these. This change is in-process with many amendments included in the current in-process volume.
- **Separate “areas of expertise” teams.** DCM implemented specialized teams to focus on specific areas of the procurement lifecycle. They include competitive procurement (RFPs, RFAs), contract processing, invoice processing, and subrecipient financials processing contract budgets. These teams allow DCM staff to focus on and become expert in key processing areas and improve quality reviews.
- **Staffing stability.** The ability of DCM to support this work is directly tied to staffing capacity and stability. While staffing constraints have persisted and continue to present challenges, efforts to improve staff experience and retention have contributed to greater workforce stability, improved processing, and reductions in backlog.

Beyond these specific initiatives, the Department continues to evaluate additional process and technology improvements as well as workload-balancing opportunities to improve efficiency and responsiveness for both internal and external stakeholders.

The Department is committed to continuing to review its processes to meet the expectations of our internal stakeholders and external providers while continuing to strengthen accountability, efficiency, and customer service across the procurement process. We have reviewed all of the letters provided to us from the Committee and understand that there are concerns about the timeliness of payments. We will continue to consider this feedback as part of ongoing efforts to improve processes and operations. Timely contract execution is critical to supporting continuity of services for Maine people and the provider community that delivers those services.

General themes the Department will review:

- Ways to improve communication and the experience when questions are received. While the shared email will continue, the Department will implement a more effective process for responding to questions and escalating issues as needed.
- Ways to improve transparency, including how different teams within the Department review contract budgets and ensure alignment with grant requirements.

- Ways to alert providers when boilerplate contract terms have been updated, primarily Riders B and D.
- The feasibility of a portal where providers can see the status of an in-process contract or amendment, potentially submit invoices and other reports.
- The ability to provide regular training for providers, beyond the technical assistance sessions currently provided.

We appreciate the opportunity to provide this background and look forward to answering any questions you may have.

Contract Documents In-Process: Count by Stage

