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# **FAX**

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				13 (including cover page)
То:			Pages:	
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CC:				
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Re:	OPA-PA-18-003 Decision and Order RE Appellant's Motion to Compel Production of Documents			
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## OFFICE OF PUBLIC ACCOUNTABILITY PROCUREMENT APPEALS

IN THE APPEAL OF,

APPEAL NO: OPA-PA-18-003

TAKECARE INSURANCE COMPANY, INC.,

Appellant

DECISION AND ORDER RE APPELLANT'S MOTION TO COMPEL PRODUCTION OF DOCUMENTS

To: Purchasing Agency:

Department of Administration, Government of Guam C/O Shannon Taitano, Esq. & Joseph Perez, Esq. Office of the Attorney General of Guam Solicitor's Division 590 S. Marine Corps Drive, Ste 802 Tamuning, Guam, 96913 Facsimile: (671) 472-2493

#### Appellant:

TakeCare Insurance Company, Inc. C/O Dave A. Mair, Esq. Mair & Mair, Attorneys at Law 238 Archbishop Flores St., Suite 801 Hagåtña, Guam, 96910 Facsimile: (671) 477-5206

THIS MATTER came before the Hearing Officer on July 9, 2018 for a hearing on the Appellant's June 15, 2018 Motion to Compel Production of Documents. ARVIN LOJO, Health Planning Administrator, appeared on behalf of the Appellant and was represented by DAVID A. MAIR, ESQ., Appellant's Counsel of Record. The Purchasing Agency was not present and was represented by its counsels of Record, Assistant Attorney Generals SHANNON TAITANO, ESQ., and JOSEPH PEREZ, ESQ. After reviewing the Parties' pleadings filed in this matter and

after considering the arguments made by the Parties, the Hearing Officer hereby FINDS and ORDERS as follows:

#### BACKGROUND

On May 17, 2018, the Purchasing Agency filed a voluminous procurement record, containing approximately one-thousand-one-hundred-sixty-six (1,166) pages, in this matter, organized into fourteen (14) tabs. Tab 3 stated that there were no sound recordings of pre-bid conferences, negotiations arising from a Request for Proposals (Hereafter referred to as "RFP"), and discussions with vendors concerning small purchase procurement. Tab 10 was described as "Communications with confidential communications filed under seal" and contained approximately one-hundred-ninety-nine (199) pages, that were filed with the Office of Public Accountability (Hereafter Referred to as "OPA") but were not provided to the Appellant. Tab 14 was described as: "Government of Guam Health Insurance Negotiation Team information not submitted pursuant to the prohibition in Public Law 32-083 to not divulge information contained in Government of Guam Group Health Insurance Negotiating Team meetings to any person outside of the Negotiating Team." The documents in this tab were not filed, under seal or otherwise, with the OPA, nor were they provided to the Appellant. Additionally, on May 17, 2018, the Purchasing Agency filed a log of the communications that it deemed were privileged and confidential and it provided said list to the Appellant.

In its Motion to Compel Production of Documents, the Appellant alleges that the aforementioned procurement record is are incomplete. Specifically, the Appellant is moving the OPA to order the Purchasing Agency to disclose the following classes of documents that it alleges are missing from the procurement record:

- a) Tab 2: (1) March 3, 2018 email to AON about an RFP modification regarding Guam Regional Medical Center (GRMC); and (2) A record of who GRMC Representative FRANCIS SANTOS spoke to in person at the Department of Administration on March 30, 2018 concerning GRMC.
- b) Tab 3: Recordings of the Purchasing Agency's Negotiating Team meetings concerning the development of the RFP.

c) Tab 4: Various communications the Purchasing Agency listed in its log of privileged and confidential communications that it provided to the Appellant.

#### **DISCUSSION**

The Hearing Officer has the authority to order the Purchasing Agency to file a complete procurement record and disclose the public portions of said record to the Appellant. The Purchasing Agency must file with a OPA, a complete copy of the procurement record relevant to the appeal within five (5) working days of receiving notice of an appeal. 2 G.A.R., Div. 4, Chap. 12, §12104(c)(3). Generally, the Hearing Officer has the authority to require parties to produce for examination relevant documents under their control. 2 G.A.R., Div. 4, Chap. 12, §12109(c). Hence, if the procurement record filed by the Purchasing Agency is not complete, the Hearing Officer can order the Purchasing Agency to produce relevant documents that will make it complete. Here, to determine whether the procurement record filed by the Purchasing Agency in this matter is complete, the Hearing Officer will review each of the categories of documents the Appellant claims were not properly included in the procurement record.

### Documents Described in Tab 2 of the Procurement Record

The Appellant claims that the Purchasing Agency failed to produce all the documents it described in Tab 2 of the procurement record. The Purchasing Agency described Tab 2 of the Procurement Record as: "The log of all communications between government employees and any member of the public, potential bidder, vender or manufacturer, which is in any way related to the procurement." See page 000004, Tab 2, Procurement Record filed on May 17, 2018. This log, by itself, is a public record. 5 G.C.A. §5249(b) and §5251. Further, the Appellant claims that two (2) communications described in the logs were not included in the rest of the procurement file nor were they listed in the Purchasing Agency's log of privileged and confidential communications that the Appellant received on May 17, 2018. Appellant's Motion to Compel Production of Documents filed on June 15, 2018 (Hereafter Referred to as "Appellant's Motion"), page 3. Specifically, the Appellant alleges that: (1) A March 3, 2018 email to AON Insurance Company from the Purchasing Agency's legal counsel regarding

various RFP amendments including those concerning GRMC; and (2) A record of who GRMC Representative FRANCIS SANTOS spoke to in person at the Department of Administration on March 30, 2018 concerning GRMC, are missing. Id. The Hearing Officer finds that the first document was provided to the OPA under seal as pages 0001272-0001273 of the Purchasing Agency's log of privileged communications. See the Purchasing Agency's Response to the Motion to Compel Production of Documents (Hereafter Referred to as Purchasing Agency's Response), page 5. However, only the aforementioned log was provided to the Appellant. The issue of whether this document is a public document that can be provided to the Appellant, and others like it concerning communications between the Purchasing Agency's legal counsel and the Purchasing Agency's actuary consultant for the RFP, AON, will be resolved below. 

The Hearing Officer further finds that the Purchasing Agency has adequately explained that no documents exist to disclose to the Appellant concerning the log entry describing GRMC's Representative FRANCIS SANTOS' March 30,2 2018 contact with the Purchasing Agency. The Purchasing Agency stated that said log entry concerns GRMC Representative FRANCIS SANTOS' visit to the Purchasing Agency's Employee Benefits Branch wherein he had a conversation with LEO CANDASO concerning a new law that required the lowest cost option and SANTOS' inquiry concerning what would occur if an exclusive carrier is selected and the carrier does not have a GRMC network, and CANDASO's response that such information is

Recordings Described in Tab 3 of the Procurement Record

confidential and that the answer would be provided after the RFP was issued. Id. Based on this

representation, the Hearing Officer finds that there is no document concerning this log entry for

the Purchasing Agency to supplement the Procurement Record with.

The Appellant wants the Purchasing Agency to disclose the records identified in Tab 3 of the Procurement Record. Appellant's Motion, page 6. Tab 3 of the Procurement Record purports to contain sound recordings of all pre-bid conferences, negotiations arising from an RFP, and discussions with vendors concerning small purchase procurement. Procurement Record page 2. Generally, procurement officers must maintain a complete record of each procurement that includes sound recordings of all pre-bid conferences, negotiations arising from

a request for proposals, and discussions with vendors concerning small purchase procurement and, subject to existing laws and regulations, this record is a public record that any person may inspect and copy. 5 G.C.A. §5249(c), and §5251, and 2 G.A.R., Div. 4, Chap. 3, §3129(3) and §3131. Despite the Procurement Record's language describing the contents of Tab 3 mirroring 5 G.C.A. §5249(c) and 2 G.A.R., Div. 4, Chap. 3, §3129(3), the Procurement Officer finds that this description is inaccurate. Specifically, because the solicitation in this matter is an RFP, there will be no pre-bid conferences, which are used for sealed competitive bidding solicitations, nor will there be any discussions with vendors concerning small purchase procurement. Hence, the only item under Tab 3 that would be relevant are the negotiations arising from the RFP. The deadline to submit proposals in response to the RFP was scheduled for May 7, 2018, however, this event did not occur due to the Appellant filing its original protest on April 18, 2018, the Purchasing Agency's denial of that protest on May 2, 2018, and this appeal being filed on May 4, 2018. Therefore, the Hearing Officer finds that there have been no proposal submissions and, as a result, no sound recordings of negotiations arising from the RFP. Therefore, there are no sound recordings to disclose to the Appellant under Tab 3 of the Procurement Record.

Despite this, the Appellant moves the OPA for an order compelling the disclosure of the sound recordings or other documents arising from the meetings of the Purchasing Agency's Negotiation Team wherein the final draft of the RFP was developed. Appellant's Motion, page 4. As stated above, these records are not public records pursuant to 5 G.C.A. §5249(c), and §5251, and 2 G.A.R., Div. 4, Chap. 3, §3129(3) and §3131 because they are not sound recordings of pre-bid conferences, or sound recordings of negotiations arising from a request for proposals, or sound recordings of discussions with vendors concerning small purchase procurement. The RFP at issue in this appeal is unique because it has its own statutes and regulations that are applicable to it. The Purchasing Agency's Negotiation Team is required by statute, in relevant part, to develop minimum qualifications for proposals to be submitted for health insurance coverage, develop a ranking system to rank the proposals, and solicit both exclusive and non-exclusive proposals from each health insurance provider and enter into negotiations with the top three (3) ranked health insurance providers submitting qualified proposals for health insurance coverage. 4 G.C.A. §4302(c)(5), (6), and (8). The Negotiating

Team is also authorized to develop its rules of procedure. 4 G.C.A. §4302(c)(4). The Negotiating Team has done so and its rules of procedure have been approved via P.L. 32-083, effective November 27, 2013. Hence, these additional statutes and the aforementioned rules of procedure also apply to the RFP at issue here. The RFP recognizes this fact because it expressly states that it is subject to the provisions of the rules governing RFP solicitations in Guam's Procurement Laws and Regulations, and that the Negotiation Team is established pursuant to 4 G.C.A. §4302, and it states that 4 G.C.A. §4301 and §4302 require the acquisition of group health insurance for government employees, retirees, and survivors by virtue of a RFP. RFP, paragraph I.A., and B., page 000755, Procurement Record. To determine whether the OPA can issue an order compelling the Purchasing Agency to disclose sound recordings or other records of the Negotiating Team's meetings that developed the final draft of the RFP, the Hearing Officer must review both sets of the laws, rules, and regulations.

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One of the underlying purposes and policies of Guam's Procurement Laws and Regulations is to require public access to all aspects of procurement consistent with the sealed bid procedure and the integrity of the procurement process. 5 G.C.A. §5001(b)(8) and 2 G.A.R., Div. 4, Chap. 1, §1102(7). For an RFP solicitation, preservation of the integrity of the procurement process requires that the Registrar of Proposals shall be opened to public inspection only after award of the contract and the proposals of the offerors not awarded the contract shall not be open to public inspection. 2 G.A.R., Div. 4, Chap. 3, §3114(h)(1). Additionally, discussions between the Purchasing Agency and any offeror shall not disclose any information derived from proposals submitted by other offerors until after award has been made and only the proposal of the offeror awarded the contract shall be open to public inspection. 2 G.A.R., Div. 4, Chap. 3, §3114(i)(2). The Hearing Officer finds that none of these prohibitions to disclosure apply to sound recordings or other records of the meetings of the Negotiation Team in this matter. However, the members, delegates of members, consultants to the Negotiating Team, and applicable Department of Administration staff, must adhere to the strictest of confidentiality. Rule IV, Administrative Rules of Procedure for Government of Guam Health Insurance Negotiating Team, P.L. 32-083, effective November 27, 2013 (Hereafter Referred to as: "Negotiating Team Rules"). This strict confidentiality requires the members, delegates of

members, consultants to the Negotiating Team, and applicable Department of Administration staff not to divulge information contained in the meetings to persons outside of the negotiation team. Id. The Hearing Officer finds that the confidentiality requirements of Rule IV, Negotiating Team rules prohibits the disclosure of the sound recordings or other records of its meetings to develop a final draft of the RFP. Accordingly, the Appellant's motion for an order from the OPA compelling the Purchasing Agency to disclose sound recordings or other records of the Negotiation Team meetings wherein the final draft of the RFP was developed is hereby DENIED.

The Hearing Officer finds that the Appellant's arguments that Rule IV, Negotiating Team Rules only applies to proposals has no merit. Appellant's Motion, page 4. A plain reading of that rule simply does not support these arguments. Specifically, the title of Rule IV is "Confidentiality." Id. The relevant language in the rule mentioning the proposals of the offerors states: "Members, delegates of members, consultants of the Negotiating Team, and applicable Department of Administration staff as determined by the Director of Administration, must adhere to the strictest of confidentiality and acknowledge that the proposals received are confidential in nature (Bold Emphasis Added)." Id. The rule further states, in relevant part, that: "Team members, delegates of members, consultants, and applicable Department of Administration staff acknowledge that no information contained in the proposals, meetings, or negotiations, can be divulged to any person outside of the Negotiating Team (Bold Emphasis Added). Id. Read together, these relevant passages broaden the scope of the rule's confidentiality to cover not only the proposals of the offerors, but the meetings and negotiations of the Negotiating Team that are not related to the proposals as well.

The Hearing Officer does not agree with the Appellant's arguments that no public policy reason exists to prevent the disclosure of the sound recordings or other records of the Negotiating Team meetings resulting in the final draft of the RFP. Appellant's Motion, page 5. As set forth above, the relevant underlying public policy is to require public access to all aspects of procurement consistent with the integrity of the procurement process. 5 G.C.A. §5001(b)(8) and 2 G.A.R., Div. 4, Chap. 1, §1102(7). Here, the integrity of the RFP's procurement process requires that the sound recordings and other records of the Negotiation Team's meetings in

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which the development of the final draft of the RFP occurred be kept confidential. Rule IV, Negotiating Team Rules. Hence, public policy mandates that the sound recordings of the Negotiation Team meetings concerning the development of the final draft of the RFP be kept confidential.

The Hearing Officer finds that the Appellant's arguments that the Purchasing Agency's filing the sound recordings and other records of the Negotiating Team's meetings under seal is a prohibited ex parte communication has no merit. Generally, no person directly or indirectly involved in an appeal shall communicate with the Hearing Officer or the OPA staff regarding any evidence, explanation, analysis, or advice, whether written or oral, regarding any matter at issue in the appeal. 2 G.A.R., Div. 4, Chap. 12, §12107(a). However, papers provided for or allowed by the rules governing procurement appeals before the OPA and by law are not ex parte communications. 2 G.A.R., Div. 4, Chap. 12, §12107(a)(4). Here, the documents submitted to the OPA under seal concern the Procurement Record for the RFP at issue in this appeal. As stated above, the Purchasing Agency must file with a OPA, a complete copy of the procurement record relevant to the appeal within five (5) working days of receiving notice of an appeal. 2 G.A.R., Div. 4, Chap. 12, §12104(c)(3). Further, the Public Auditor shall, upon written request, make available to any interested party or member of the public, information submitted that bears on the substance of the appeal except where information is proprietary, confidential, or otherwise permitted or required to be withheld by law and regulation, and persons who wish to keep such information submitted by them confidential shall so request by specifically identifying such information within documents submitted. 2 G.A.R., Div. 4, Chap. 12, §12106. Here, the documents filed under seal by the Purchasing Agency were all part of the procurement record, and the Purchasing Agency identified the portions of the procurement record that it submitted under seal as privileged and confidential. Therefore, the Purchasing Agency was authorized to do this pursuant to 2 G.A.R., Div. 4, Chap. 12, §12107(a)(4) and §12106. However, the issues raised by the Appellant as to the manner in which the Purchasing Agency filed these records under seal will be addressed below.

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## **Tab 4; Privileged Communications**

The Appellant raises two (2) issues concerning the privileged communications identified by the Purchasing Agency in this matter. First, the Appellant's alleges that the Purchasing Agency has wrongfully withheld hundreds of pages of documents and audio records that are required by law to be part of the Procurement Record. Appellant's Motion, page 1. The second issue raised by the Appellant is the allegation that the documents filed under seal by the Purchasing Agency in this matter, and the privileged communications log summarizing these documents that the Appellant received from the Purchasing Agency is defective. Id., page 7. The Hearing Officer will now review each of these issues.

The Hearing Officer finds that the Purchasing Agency has not provided substantial portions of the Procurement Record to the OPA. The Purchasing Agency admits that due to the confidentiality mandated by Rule IV, Negotiating Team Rules, it has withheld information from the Negotiation Team's meetings, its actuarial consultant materials, and draft responses to questions from the registered offerors from the Procurement Record that it filed in this matter. Purchasing Agency's Response to Appellant's Motion to Compel Production of Documents (Hereafter Purchasing Agency's Response), page 2-3. However, the Purchasing Agency states that it will provide these records to the OPA if the OPA orders it to do so and if such disclosure would not violate law. Id. Here, as set forth above, the filing of these documents with the OPA is mandated because they are part of the procurement record and the Purchasing Agency is required to file a complete copy of the Procurement Record with the OPA. 2 G.A.R., Div. 4, Chap. 12, §12104(c)(3). Further, to preserve the confidentiality of the records concerning the Negotiation Team meetings, the Purchasing Agency can file them under seal pursuant to 2 G.A.R., Div. 4, Chap. 12, §12106. Accordingly, pursuant to 2 G.A.R., Div. 4, Chap. 12, §12109(c), the Hearing Officer hereby ORDERS, that no later than two (2) weeks after this decision is issued, the Purchasing Agency shall supplement the Procurement Record in this matter by filing with the OPA, the information the Purchasing Agency withheld concerning the Negotiation Team's meetings, its actuarial consultant materials, and draft responses to questions from the registered offerors, and the Purchasing Agency may file the portions of these records it

considers to be proprietary, confidential, or otherwise permitted or required to be withheld by law and regulation, under seal pursuant to 2 G.A.R., Div. 4, Chap. 12, §12106.

The Hearing Officer finds that the Purchasing Agency's log of privileged communications that it provided to the Appellant is defective. Specifically, the Appellant alleges that the log of privileged communications is defective because it does not identify the attorney or the client relating to any specific documents it mentions, it does not identify who drafted each document, and it does not identify all the recipients of each documents, and it does not explain why each document is privileged. Appellant's Motion, page 7. A review of the log provided to the Appellant shows that the Purchasing Agency merely stated the date of the document, its Bate Stamp Page Number, a description of the Client, and its subject matter. The Hearing Officer hereby ORDERS the Purchasing Agency, no later than two (2) weeks after this decision is issued, to update its privileged and communications log by describing: (1) Who the client is, i.e., "Department of Administration," instead of simply naming individuals, for those records that the Purchasing Agency claims to be subject to the Attorney-Client Privilege; (2) Who the records are from; (3) Who the recipients of the recordw are; and (4) What privilege, confidentiality, or law and regulation prohibiting public disclosure of the record is applicable.

Finally, the Hearing Officer finds that the portions of the Procurement Record that contain communications between AON, acting as consultant for the Negotiating Team, and the Purchasing Agency that are not covered by Rule IV or any other applicable privilege, rule of confidentiality, or a law or regulation prohibiting public disclosure, must be made public. The Appellant argues that the Purchasing Agency has deemed all records concerning AON's work as an actuarial consultant for the Negotiating Team as privileged without any legal authority. Appellant's Reply Support of Motion to Compel Production of Documents, page 5. As set forth above, only the information contained in the proposals, Negotiation Team meetings, or its negotiations are confidential. Rule IV, Negotiating Team Rules. Therefore, any of records concerning AON not falling within these categories, or any other privilege, confidentiality, or law or regulation prohibiting disclosure would be public records, and the Hearing Officer hereby ORDERS the Purchasing Agency to provide copies of these records to the Appellant no later than two (2) weeks after this decision is issued.

#### CONCLUSION

Based on the foregoing, the Hearing Officer hereby determines the following:

- 1. The Appellant's Motion to Compel Production of Documents is hereby GRANTED in part and DENIED in part.
- 2. The Hearing Officer finds that the Purchasing Agency filed the March 3, 2018 email to AON about an RFP modification regarding GRMC, with the Procurement Record under seal as pages 0001272-0001273 of the Purchasing Agency's log of privileged communications.
- 3. The Hearing Officer finds that the Purchasing Agency has adequately explained that no documents exist to disclose to the Appellant concerning the log entry describing GRMC's Representative FRANCIS SANTOS' March 30,2 2018 contact with the Purchasing Agency.
- 4. The Appellant's motion for an order from the OPA compelling the Purchasing Agency to disclose sound recordings or other records of the Negotiation Team meetings wherein the final draft of the RFP was developed is hereby DENIED.
- ORDERS, that no later than two (2) weeks after this decision is issued, the Purchasing Agency shall supplement the Procurement Record in this matter by filing with the OPA, the information the Purchasing Agency withheld concerning the Negotiation Team's meetings, its actuarial consultant materials, and draft responses to questions from the registered offerors, and the Purchasing Agency may file the portions of these records it considers to be proprietary, confidential, or otherwise permitted or required to be withheld by law and regulation, under seal pursuant to 2 G.A.R., Div. 4, Chap. 12, §12106.
- 6. The Hearing Officer hereby ORDERS the Purchasing Agency, no later than two (2) weeks after this decision is issued, to update its privileged and communications log by describing: (1) Who the client is, i.e., "Department of Administration," instead of simply naming individuals, for those records that the Purchasing Agency claims to be subject to the Attorney-Client Privilege; (2) Who the records are from; (3) Who the recipients of the document are; and (4) What privilege, confidentiality, or law and regulation prohibiting public disclosure of the record is applicable.