

HEALTH SYSTEMS INNOVATION NETWORK LLC

Wayzata, MN 55391

Voice: 612-281-8220 Fax: 612-435-4925

staff@hsinetwork.com http://www.hsinetwork.com January 24, 2019

I, Stephen T. Parente, as the managing principal of Health Systems Innovation Network LLC (HSI Network) am responding to the assertion made in the article titled, Financial conflicts stall Trump HHS nominee, published by Politico on Monday January 10, 2019, that I identified HSI Network as a "small disadvantaged business". The mistaken disadvantaged designation is just that, a mistake or a clerical error that was recorded as part of the HSI Network registration in the System for Award Management (SAM) system. Although the disadvantaged designation is incorrect, HSI Network is accurately and correctly designated as a small business.

To contract with federal agencies, HSI Network completed the entity registration process through the SAM system. The size standard, small v. large, is related to the number of employees and/or annual average revenue of the business. The North American Industry Classification System (NAICS) defines the amount for the annual average revenues/receipts that serves as the threshold by which the size of the entity is determined. The annual average revenues/receipts associated with the NAICS code that HSI Network provides services is \$27,500,000.00. My consulting company has never had revenue or receipts of that magnitude, HSI Network has always had annual average receipts/revenue considerably lower than that threshold. Therefore, HSI Network is correctly and properly designated as a small business. The reference to my personal wealth in this context has no bearing on whether HSI Network is a small business, however without an explanation the article suggests that my personal wealth plays a role in the size of the company and casts a shadow of doubt on the veracity and accuracy of the correct designation of HSI Network as a small business.

As for the designation of HSI Network as a disadvantaged business, it is unclear how HSI Network was incorrectly designated as a disadvantaged business. Here is what I know.

- In attached Exhibit 1, when I personally registered HSI Network in SAM in 2010, it was not listed as disadvantaged.
- In 2011, I worked with small business government contract agent to expand opportunities for HSI Network and gave them agency for representing the firm. At that time, in application for service I signed declared HSI Network (Exhibit 2) was not disadvantaged.
- At some point after 2011, HSI Network became erroneously listed as disadvantaged firm – though unusually not specifying how it was disadvantaged. This error on the SAM system persisted online until January 2019.

- Until May 2018 I was unaware that the HSI Network SAM registration indicated that the company had been designated as a disadvantaged company. This erroneous disadvantaged designation conflicted with my most recent (December 2015) signed a Representation and Certifications document (Exhibit 3) stating HSI Network was not disadvantaged.
- HSI Network never advertised that HSI Network was disadvantaged.
- HSI Network never tried to get work, never solicited a contract or grant, responded to a Request for Information or Request for Proposal, contested an award or grant or any contract or grant action using the disadvantaged status as the basis for the award or contest.
- When it came to my attention as part of the Senate confirmation process, it was a complete surprise and I investigated how and why this mistake happened.
- I began in May 2018 to correct the mistake as soon as I was made aware. Unfortunately, the SAM system is not an easy system to navigate and it was very time consuming. At the time, I was advised that it was of no consequence if I was not seeking an award or appealing an award or contract action asserting the disadvantaged designation. Still the disadvantaged designation is not accurate or correct and I took steps to correct. In January 2019 I succeeded.
- As of January 16, 2019, I verified that HSI Network is not disadvantaged on SAM as displayed in Exhibit 4.

In preparation as an HHS nominee for Assistant Secretary for Planning and Evaluation, HSI Network was restructured in July 2017 from a three partner LLC to sole proprietorship to conform with an ethics pledge. This pledge states:

I am the sole proprietor of a consulting company which does business as Health Systems Innovation Network, LLC. Upon entering into my covered Federal position, my company ceased to engage in business, including the representation of clients. The company will remain dormant and not advertise. I will not perform any services for the company, except that I will comply with any requirements involving legal filings, taxes and fees that are necessary to maintain the company in an inactive status. Any amounts owed to me by any of my clients will be fixed before I assume the duties of my appointment, and I will not participate personally and substantially in any particular matter that to my knowledge has a direct and predictable effect on the ability or willingness of any of these clients to pay these amounts.

If I enter Federal government service, HSI Network will go dormant in compliance with the above pledge. Once I have concluded Federal government service, I expect HSI to return to a going enterprise. However, pursuant to the Ethics Pledge, I will not, for a period of two years from the date of my appointment to my federal covered position, participate in an official capacity in any particular matter involving specific parties that is directly and substantially related to clients of HSI Network from January 2017 until present.

Stephen T. Parente, Ph.D. Managing Principal

St. T. Part

Attachments

Exhibit 1



Home | Search | FAQs | Help | Security Notice

ORCA uses the CCR data in the table below and answers you provide in the ORCA questionnaire to create your ORCA record. If the information below is incorrect, please log into CCR at www.ccr.gov to update the CCR information before proceeding to update your ORCA record. If the information on this page is correct, click on "Create ORCA record".

By submitting the reps and certs in ORCA, you are attesting to the accuracy of the information and may be subject to penalties for misrepresentation.

Create ORCA record

Legal Business Name:	HSI NETWORK
Physical Address:	2601 ARCOLA LN
City:	WAYZATA
State:	MN
Foreign Province:	
Postal Code:	553919703
Country:	USA
CCR Status:	Active Until: 8/23/2011
NAICS Codes:	NAICS DESCRIPTION 541612 Human Resources Consulting Services 541613 Marketing Consulting Services 541712 Research and Development in the Physical, Engineering, and Life Sciences (except Biotechnology) 541720 Research and Development in the Social Sciences and Humanities 541990 All Other Professional, Scientific, and Technical Services
FSC Codes:	FSC DESCRIPTION
Type of Organization:	Other
Federal Government Agency:	No
TIN on file:	Yes
Veteran-owned business concern:	No
Service-disabled veteran-owned business concern:	No
Women-owned business concern:	No
Number of Employees:	2
Average Annual Gross Revenues:	\$200,000
Minority-owned Ethnicity:	
Historically black college or university:	No
Minority institution:	No
SBA certified small disadvantaged business concern:	No
SBA certified HUBZone small business concern:	No

1 of 2 8/24/2010 11:53 AM

The ORCA website is best viewed using Internet Explorer 6.0 or higher or Netscape 7.x or higher NOTE: Session will terminate after 20 minutes of inactivity.

<u>Click Here</u> for feedback or comments form.

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Exhibit 2

PO Box 25458 | Greenville, SC 29616 Tel: 864.286.9079 | Fax: 864.286.0449 www.gsaapplications.com

GSA APPLICATION SERVICES

Company Name:	HSI NETWORK LLC	DBA:		Attachment 6
Address:) / MARCOLA I N		WAYZA	TA MN 55391
Phone:	4 (22¢) (22A		612435	1925
Email:	sparente@hsinetwork.com	Website:	www.bsin	etwork.com
Business Type (Please cl				
8(a) Program Partici	·	Woman Owned	Minority Owned	Hub Zome
Small Disadvantage		Disabled Veteran Own	ned Emerging Business	Other/Unlisted
obtain contracts with CS fee shall be due: The fir paid in 2 equa assist the GSA applicar products/services. The papply to become a GSA performance, price lists, GSA Application Service provided by the propose will utilize all available request for information Application Services reapplicant that it has be applicant that it has be delease.	tes does hereby agree to assist the propose SA. The fee charged for this assistance sharest \$ 2500.00 of the assistance fee shall had monthly payments of \$ 2500.00 at in completing and processing the approposed applicant agrees to promptly proposed applicant agrees to promptly procent invoices, project experience (services does not assume any liability for denial sed applicant or any denial based on the appropriation to attempt to obtain GSA contained application to attempt to obtain GSA contained application to attempt to charge a reactivation en in business for at least a two (2) year the products or services to be included in the are sourced within the United States	of the second price of the submission of the signing of the beginning 30 days from the beginning 30 days from the provide GSA Application Serve providing client references to Schedules), financial state of GSA contractor status dipplicant's financial conditionactor status for the application innety days and GSA fee prior to the submission period and that the application described and that the application of the submission of the application of the submission of the application. It is represented that the application of the submission of the application of the submission of the application.	this agreement. The balance date of this agreement, work based on the propositions with all data and infoto obtain a Dun & Bradstroments and vendor informate to incorrect, omitted, or or business history. How more the proposition of the solicitation. It is not smoot recent year's sainted that any products pro-	GSA Application Services shall be applicant's currently offered armation required or necessary to set Open Rating's survey of past ation including letters of supply: incomplete information or data vever. GSA Application Services ed applicant fails to respond to a chedule during that time, GSA acknowledged by the proposed les exceed twenty five thousand posed to be included in the GSA
process and that such re GSA or is otherwise des GSA Application Service federal contracts, and h	t CSA frequently requests that additional equests must be fully complied with by the ried by CSA for any reason, the proposed es. Nationwide Guide. It is acknowledged have not within a three year period been country to the expension or any other economic criminals.	ne applicant on a timely bas I applicant's fee shall be ap I that the applicant's princip onvicted, indicted, or had a	ns. It for any reason an ap- plied to the cost of a full p pals or owners are not pre- i judgment entered agains	page advertisement listing in the sently debarred for the award of
contract. Under GSA re difference between the contractor receives total	ge that if a GSA contract is awarded to tegulations, if a contractor receives total or amount ordered and \$2,500 minimum. Gold orders during the five year term of the consistence, that it will pay to the contractor assistance up to a maximum amount of the total tractor.	ders in an amount less that SA Application Services ag ontract awarded by CSA in or, the difference between th	rees that if a contract is a an amount less than the a e \$2,500 minimum guaran	warded to the applicant and the immunt paid to GSA Application teed under the GSA contract and
to the submission of v	te agreement, you will be provided with a cour CSA solicitation. After the thirty (30 95.00, However you may cancel your subst) days, we will continue to	o biodiae don me seraice	osite and training on its use prior based on our regular monthly
arbitrator selected by the disputes regarding this	controversy arising from or in any way re the parties in Pinellas County, Florida. It agreement or its performance thereunder als arbitration provision shall be proper in no oral agreements, understandings or rep	is acknowledged that each in a court of law, This pro Pinellas County, Florida, Ti	repairty neterly warves the evision does not apply who his agreement represents the	ere prohibited by law. Venue for the entire understanding between
expressit serioritiment	Musik to		5	[10][]
GSA Application Servi	ikes		Date	
The understand does here	eby agree to above terms and conditions includi horization for the charges stated above by the au	ng cancellation and notice requitionized cardipolder. Charges at	irements set forth above. If p tay appear as Federal Verificat	ayment is to be made by major credition.
rate the 12 an express onn	The state of the s		, p.s.	5/10/2011
Client Signature	. 16 / . / . /		Date	
# - *** · · - • • · · · · · · · · · · · · · · ·	Stephen Parente			
Print Name	- Company of the Comp			

Exhibit 4

The MITRE Corporation 202 Burlington Road Bedford, MA 01730

If your firm is registered on the SAM.gov site (System for Award Management) include a copy with your proposal.

52.212-3 Offeror Representations and Certifications—Commercial Items.

As prescribed in 12.301(b)(2), insert the following provision:

OFFEROR REPRESENTATIONS AND CERTIFICATIONS—COMMERCIAL ITEMS (JULY 2013)

Company Name and Address of Offeror:		
Health Systems Innovation Network LLC	-	
2601 Arcola Lane, Wayzata, MN 55391_	-	
Point of Contact: <u>Stephen T. Parente</u>	.	
Telephone Number: <u>612-281-8220</u>		
Facsimile Number: <u>612-435-4925</u>		
By signing below, the Offeror certifies, by and the Representations and Certifications are accurate,	_	<u>.</u>
Signature of Authorized Representative	Date	December 20, 2015
Stephen T. Parente, Managing Principal		
Name and Title of Authorized Representative		

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An offeror shall complete only paragraph (b) of this provision if the offeror has completed the annual representations and certifications electronically via https://www.acquisition.gov. If an offeror has not completed the annual representations and certifications electronically at the System for Award Management (SAM) website, the offeror shall complete only paragraphs (c) through (o) of this provision.

(a) Definitions. As used in this provision—

"Economically disadvantaged women-owned small business (EDWOSB) concern" means a small business concern that is at least 51 percent directly and unconditionally owned by, and the management and daily business operations of which are controlled by, one or more women who are citizens of the United States and who are economically disadvantaged in accordance with 13 CFR part 127. It automatically qualifies as a women-owned small business eligible under the WOSB Program.

"Forced or indentured child labor" means all work or service—

- (1) Exacted from any person under the age of 18 under the menace of any penalty for its nonperformance and for which the worker does not offer himself voluntarily; or
- (2) Performed by any person under the age of 18 pursuant to a contract the enforcement of which can be accomplished by process or penalties.

"Inverted domestic corporation", as used in this section, means a foreign incorporated entity which is treated as an inverted domestic corporation under <u>6 U.S.C. 395(b)</u>, *i.e.*, a corporation that used to be incorporated in the United States, or used to be a partnership in the United States, but now is incorporated in a foreign country, or is a subsidiary whose parent corporation is incorporated in a foreign country, that meets the criteria specified in <u>6 U.S.C. 395(b)</u>, applied in accordance with the rules and definitions of <u>6 U.S.C. 395(c)</u>. An inverted domestic corporation as herein defined does not meet the definition of an inverted domestic corporation as defined by the Internal Revenue Code at 26 U.S.C. 7874.

"Manufactured end product" means any end product in Federal Supply Classes (FSC) 1000-9999, except—

- (1) FSC 5510, Lumber and Related Basic Wood Materials;
- (2) Federal Supply Group (FSG) 87, Agricultural Supplies;
- (3) FSG 88, Live Animals;
- (4) FSG 89, Food and Related Consumables;
- (5) FSC 9410, Crude Grades of Plant Materials;
- (6) FSC 9430, Miscellaneous Crude Animal Products, Inedible;
- (7) FSC 9440, Miscellaneous Crude Agricultural and Forestry Products;
- (8) FSC 9610, Ores;
- (9) FSC 9620, Minerals, Natural and Synthetic; and
- (10) FSC 9630, Additive Metal Materials.

"Place of manufacture" means the place where an end product is assembled out of components, or otherwise made or processed from raw materials into the finished product that is to be provided to the Government. If a product is disassembled and reassembled, the place of reassembly is not the place of manufacture.

"Restricted business operations" means business operations in Sudan that include power production activities, mineral extraction activities, oil-related activities, or the production of military equipment, as those terms are defined in the Sudan Accountability and Divestment Act of 2007 (Pub. L. 110-174). Restricted business operations do not include business operations that the person (as that term is defined in Section 2 of the Sudan Accountability and Divestment Act of 2007) conducting the business can demonstrate—

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- (1) Are conducted under contract directly and exclusively with the regional government of southern Sudan;
- (2) Are conducted pursuant to specific authorization from the Office of Foreign Assets Control in the Department of the Treasury, or are expressly exempted under Federal law from the requirement to be conducted under such authorization;
 - (3) Consist of providing goods or services to marginalized populations of Sudan;
- (4) Consist of providing goods or services to an internationally recognized peacekeeping force or humanitarian organization;
 - (5) Consist of providing goods or services that are used only to promote health or education; or
 - (6) Have been voluntarily suspended.

"Sensitive technology"—

- (1) Means hardware, software, telecommunications equipment, or any other technology that is to be used specifically—
 - (i) To restrict the free flow of unbiased information in Iran; or
 - (ii) To disrupt, monitor, or otherwise restrict speech of the people of Iran; and
- (2) Does not include information or informational materials the export of which the President does not have the authority to regulate or prohibit pursuant to section 203(b)(3) of the International Emergency Economic Powers Act (50 U.S.C. 1702(b)(3)).

"Service-disabled veteran-owned small business concern"—

- (1) Means a small business concern—
- (i) Not less than 51 percent of which is owned by one or more service-disabled veterans or, in the case of any publicly owned business, not less than 51 percent of the stock of which is owned by one or more service-disabled veterans; and
- (ii) The management and daily business operations of which are controlled by one or more service-disabled veterans or, in the case of a service-disabled veteran with permanent and severe disability, the spouse or permanent caregiver of such veteran.
- (2) Service-disabled veteran means a veteran, as defined in <u>38 U.S.C. 101(2)</u>, with a disability that is service-connected, as defined in <u>38 U.S.C. 101(16)</u>.

"Small business concern" means a concern, including its affiliates, that is independently owned and operated, not dominant in the field of operation in which it is bidding on Government contracts, and qualified as a small business under the criteria in 13 CFR Part 121 and size standards in this solicitation.

"Subsidiary" means an entity in which more than 50 percent of the entity is owned—

- (1) Directly by a parent corporation; or
- (2) Through another subsidiary of a parent corporation.

"Veteran-owned small business concern" means a small business concern—

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- (1) Not less than 51 percent of which is owned by one or more veterans (as defined at 38 U.S.C. 101(2)) or, in the case of any publicly owned business, not less than 51 percent of the stock of which is owned by one or more veterans; and
 - (2) The management and daily business operations of which are controlled by one or more veterans.

"Women-owned business concern" means a concern which is at least 51 percent owned by one or more women; or in the case of any publicly owned business, at least 51 percent of its stock is owned by one or more women; and whose management and daily business operations are controlled by one or more women.

"Women-owned small business concern" means a small business concern—

- (1) That is at least 51 percent owned by one or more women; or, in the case of any publicly owned business, at least 51 percent of the stock of which is owned by one or more women; and
 - (2) Whose management and daily business operations are controlled by one or more women.

"Women-owned small business (WOSB) concern eligible under the WOSB Program" (in accordance with 13 CFR part 127), means a small business concern that is at least 51 percent directly and unconditionally owned by, and the management and daily business operations of which are controlled by, one or more women who are citizens of the United States.

(b)

- (1) Annual Representations and Certifications. Any changes provided by the offeror in paragraph (b)(2) of this provision do not automatically change the representations and certifications posted on the SAM website.
- (2) The offeror has completed the annual representations and certifications electronically via the SAM website accessed through https://www.acquisition.gov. After reviewing the SAM database information, the offeror verifies by submission of this offer that the representations and certifications currently posted electronically at FAR 52.212-3, Offeror Representations and Certifications—Commercial Items, have been entered or updated in the last 12 months, are current, accurate, complete, and applicable to this solicitation (including the business size standard applicable to the NAICS code referenced for this solicitation), as of the date of this offer and are incorporated in this offer by reference (see FAR 4.1201), except for paragraphs

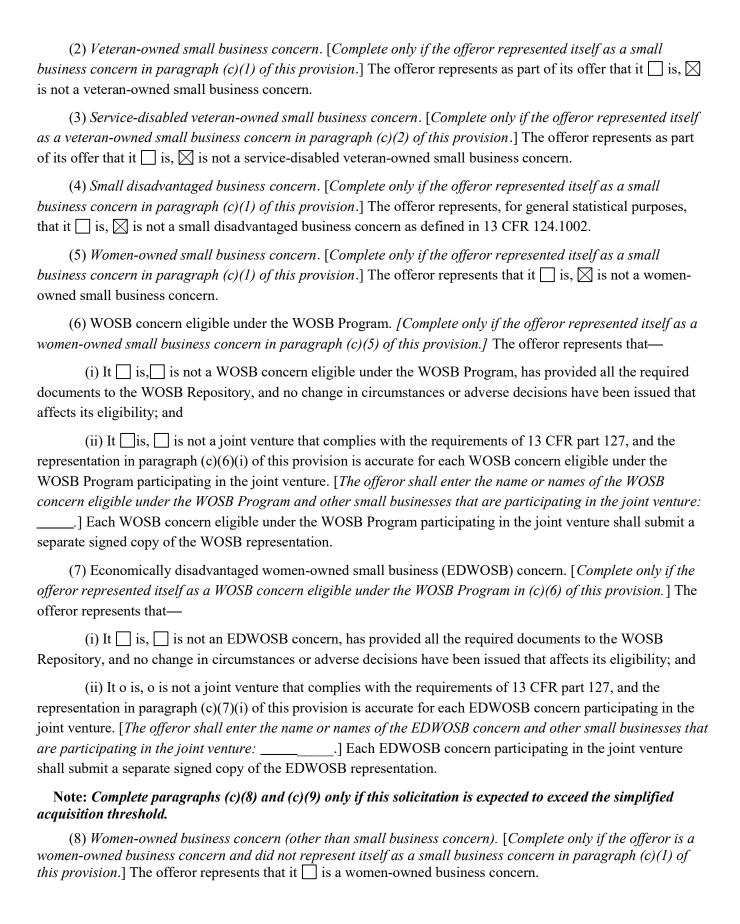
[Offeror to identify the applicable paragraphs at (c) through (o) of this provision that the offeror has completed for the purposes of this solicitation only, if any.

These amended representation(s) and/or certification(s) are also incorporated in this offer and are current, accurate, and complete as of the date of this offer.

Any changes provided by the offeror are applicable to this solicitation only, and do not result in an update to the representations and certifications posted electronically on SAM.]

- (c) Offerors must complete the following representations when the resulting contract will be performed in the United States or its outlying areas. Check all that apply.
- (1) *Small business concern*. The offeror represents as part of its offer that it \boxtimes is, \square is not a small business concern.

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1/24/2019 SBA - SBA Profile

SBA Profile

Accessibility Options >

Exhibit 4

Privacy Statement

Skip Navigation >

Identification, Location & Contacts

This profile was last updated: 01/16/2019

Status: Active

User ID: P1047173 Name of Firm: HSI NETWORK

Trade Name ("Doing Business

As ..."):

DUNS Number: 018346739

Parent DUNS Number:

Address, line 1: 2601 ARCOLA LN

Address, line 2:

City: WAYZATA

State: MN

Zip: 55391-9703 Phone Number: 612-281-8220 Fax Number: 612-435-4925

E-mail Address: sparente@hsinetwork.com

WWW Page:

E-Commerce Website:

Contact Person: STEPHEN PARENTE

County Code (3 digit): 053
Congressional District: 03
Metropolitan Statistical Area: 5120
CAGE Code: 5BWE2
Year Established: 1998

Accepts Government Credit

Card?:

GSA Advantage Contract(s):

(Note: Size information is now under "NAICS Codes with Size Determinations by NAICS", below.)

[X] Yes [] No

Organization, Ownership & Certifications

Legal Structure: Ownership and Self-

Certifications:

LLC

Current Principals

(none given)

"Business Development Servicing Office" (for certifications)

MINNESOTA DISTRICT OFFICE (SBA office code 0508)

1/24/2019 SBA - SBA Profile

8(a) Certification:

SBA 8(a) Case Number: SBA 8(a) Entrance Date:

SBA 8(a) Exit Date:

Small Disadvantaged Business Certification:

SDB Entrance Date: SDB Exit Date:

HUBZone Certification:

HUBZone Certified?: [] Yes [X] No

HUBZone Certification Date:

8(a) Joint Venture Certification:

8(a) JV Entrance Date:

8(a) JV Exit Date:

Non-Federal-Government Certifications:

(none given)

Products & Services

Capabilities Narrative:

(none given)

Special Equipment/Materials:

(none given)

Business Type Percentages:

(none given)

Bonding Levels

Construction Bonding Level (per \$0

contract)

Construction Bonding Level \$0

(aggregate)

Service Bonding Level (per \$0

contract)

Service Bonding Level \$0

(aggregate)

1/24/2019 SBA - SBA Profile

NAICS Codes with Size Determinations by NAICS:

#	Primary?	Code	NAICS Code's Description	"Buy Green"? (1)	Small? (2)	
1	Yes	541513	Computer Facilities Management Services		Yes	
gui	(1) By entering Yes for "Buy Green", the firm asserts that it obeys EPA guidelines for environmental friendliness for this NAICS code. Note, EPA guidelines do not exist for every NAICS code.					

Keywords:

Health Economics Consulting

Miscellaneous:

Quality Assurance Standards: (none given) Electronic Data Interchange [] Yes [] No

capable?:

Export Profile (Trade Mission Online)

Exporter?: (firm hasn't answered this question yet)

Export Business Activities: (none given)
Exporting to: (none given)
Desired Export Business (none given)

Relationships:

Description of Export (none given)

Objective(s):

Performance History (References)

(none given)

The structure of this page was last updated 02/01/2013, as part of SBSS 8.1.1.