



Peter Cramton &lt;pcramton@gmail.com&gt;

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## Sample RFPs for Auction Services

4 messages

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**Peter Cramton** <pcramton@gmail.com>

Sat, Oct 23, 2010 at 1:38 PM

To: "Blum, Jonathan D. (CMS/CM)" &lt;Jonathan.Blum@cms.hhs.gov&gt;

Cc: "Simpkins, Alyson R. (CMS/CMM)" &lt;Alyson.Simpkins@cms.hhs.gov&gt;

Dear Jon,

My auction expert colleagues (all 166 of them) and I believe strongly that CMS' various auction programs can be improved with the involvement of auction experts. Thanks to the Internet and other enabling technologies over the last decade we have learned an amazing amount about how to apply auctions to solving resource allocation problems in a variety of industries. Good auction design and implementation requires not only expertise in the particular industry but expertise in auctions across many industries. My experience over sixteen years is that the best programs come from a thoughtful collaboration of industry experts, auction experts, and agency staff. Although government agencies typically have expertise in the particular industry, they almost never have auction expertise. Thus, it is important for the agency to retain expert auction services.

The best approach for identifying the best experts is a well-written RFP and a competitive procurement of services. I have attached three recent RFPs as examples from three different industries (energy, telecommunications, and transportation) and two different countries (U.S and Canada). I encourage your staff to begin looking at these examples and think how they may need to be adjusted for the Medicare application in the event that CMS should decide to seek expert help in designing and implementing auction programs. Typically, this is done as a two-step process (design RFP followed by implementation RFP) and sometimes three steps (design RFP, testing RFP, and finally implementation RFP). The testing step in the three-step version is advisable when especially innovative auction methods are used, or the stakes are extremely high. Then experimental laboratory tests are desirable to test and fine-tune particular elements of the design.

I am sending these materials now, since I believe preparation of a suitable RFP is on the critical path to moving forward with improvements to your auction programs. Please let me know if you have any questions.

Many thanks for your consideration.

Best,

Peter

Professor Peter Cramton

[pcramton@gmail.com](mailto:pcramton@gmail.com) [www.cramton.umd.edu](http://www.cramton.umd.edu) voice/fax +1 240 396 1043

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**4 attachments****US FAA RFP Auction Services.pdf**

640K

**US Dept of Interior RFP Auction Services.pdf**

655K

**Industry Canada RFP for Auction Services- Annex.pdf**

32K

**Industry Canada RFP for Auction Services.pdf**

157K

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**Peter Cramton** <pcramton@gmail.com>

Wed, Oct 27, 2010 at 7:00 AM

To: "Blum, Jonathan D. (CMS/CM)" &lt;Jonathan.Blum@cms.hhs.gov&gt;

Cc: "Simpkins, Alyson R. (CMS/CMM)" &lt;Alyson.Simpkins@cms.hhs.gov&gt;

Dear Jon,

I have attached a preliminary draft of the materials I would like to discuss at our Monday meeting. I am sending it now so that your team will have ample opportunity to review it in advance of the meeting. My plan in the meeting would be to focus on the summary (just a few slides) and then open it up to questions. Please view this design as a straw man for discussion. I have included many of the details so that your team can see the details to get a better sense of how the auction may work. It may seem complicated at first, but I assure you the approach is much simpler than your current approach (I will explain on Monday). I will send revised materials on Sunday night.

I am very much looking forward to meeting with you and your team.

Best,  
Peter

Professor Peter Cramton

Economics, Tydings Hall

University of Maryland

College Park MD 20742-7211

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**From:** Peter Cramton [mailto:[pcramton@gmail.com](mailto:pcramton@gmail.com)]  
**Sent:** Saturday, October 23, 2010 1:39 PM  
**To:** Blum, Jonathan D. (CMS/CM) ([Jonathan.Blum@CMS.hhs.gov](mailto:Jonathan.Blum@CMS.hhs.gov))  
**Cc:** Simpkins, Alyson R. (CMS/CMM) ([Alyson.Simpkins@CMS.hhs.gov](mailto:Alyson.Simpkins@CMS.hhs.gov))  
**Subject:** Sample RFPs for Auction Services

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## 2 attachments

 **cramton-auction-design-for-medicare-dme.pptx**  
224K

 **cramton-auction-design-for-medicare-dme.pdf**  
632K

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**Simpkins, Alyson R. (CMS/CMM)** <[Alyson.Simpkins@cms.hhs.gov](mailto:Alyson.Simpkins@cms.hhs.gov)>  
To: Peter Cramton <[pcramton@gmail.com](mailto:pcramton@gmail.com)>  
Cc: "Stevens, Catherine A. (CMS/CM)" <[Catherine.Stevens@cms.hhs.gov](mailto:Catherine.Stevens@cms.hhs.gov)>

Wed, Oct 27, 2010 at 1:56 PM

Hi Peter—

Thank you for the materials. I just wanted to verify that the meeting attendees for the meeting on Mon, Nov. 1<sup>st</sup> at 1:00pm, are you and your colleague, Larry Ausubel, correct? I'm forwarding your names to our security group to ease the check-in process. Please be prepared to provide a photo id when you arrive. Thanks!

*~Alyson*

*202.205.8518*

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**From:** Peter Cramton [mailto:[pcramton@gmail.com](mailto:pcramton@gmail.com)]  
**Sent:** Wednesday, October 27, 2010 7:01 AM  
**To:** Blum, Jonathan D. (CMS/CM)  
**Cc:** Simpkins, Alyson R. (CMS/CMM)  
**Subject:** RE: Sample RFPs for Auction Services

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**Peter Cramton** <[pcramton@gmail.com](mailto:pcramton@gmail.com)>

Wed, Oct 27, 2010 at 6:24 PM

To: "Simpkins, Alyson R. (CMS/CMM)" <[Alyson.Simpkins@cms.hhs.gov](mailto:Alyson.Simpkins@cms.hhs.gov)>

Cc: "Stevens, Catherine A. (CMS/CM)" <[Catherine.Stevens@cms.hhs.gov](mailto:Catherine.Stevens@cms.hhs.gov)>

Alyson,

Yes. That is correct. We will both have ids.

Peter

Professor Peter Cramton

[pcramton@gmail.com](mailto:pcramton@gmail.com) [www.cramton.umd.edu](http://www.cramton.umd.edu) voice/fax +1 240 396 1043

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