

**HAWAII HEALTH SYSTEMS CORPORATION  
NOTICE OF AND REQUEST FOR EXEMPTION  
FROM CHAPTER 103D, HRS**

**EX Number: 006**

**1. TO:** Chief Procurement Officer

**2. FROM:** Dawn Hirakawa, Contract Manager

Department/Division/Agency Pursuant to §103D-102(b)(4), HRS, and Chapter 3-120, HAR, the Department requests a procurement exemption to purchase the following:

**3. Description of goods, services or construction: Medicare Part B Services**

**4. Name and Address of Vendor:** Pharmacy Corporation of America dba Pharmerica

**5. Price: No Cost Contract**

**6. Term of Contract: From: Date of execution To:** Three year term

**7. Prior Exemption Ref. No.**  
N/A

**8. Explanation describing how procurement by competitive means is either not practicable or advantageous to the State:** As per federal law Section 302 of the Medicare Modernization Act of 2003 (MMA), CMS requires all Durable Medical Equipment, Prosthetics, Orthotics, and Supplies (DMEPOS) vendors to compete and become Medicare approved contract suppliers. Successful bidders are in good standing with an active Provider Transaction Access Number (PTAN), be accredited by CMS and must have all applicable state licenses for each state it provides services as well as meet all CMS financial standards. Due to the nature of healthcare industry, supplier must also be able to provide all Medicare Part B services and supplies in a timely manner to all HHSC facilities across the State. Pharmerica is single CMS approved vendor able to meet all the above mentioned requirements and is a competitive bid winner from CMS. HHSC is only allowed to contract with CMS contract suppliers. It is imperative that a vendor be familiar with the varying needs of the patients within each HHSC facility. Pharmerica has been servicing HHSC's hospitals for the last 8 years across the state. It is neither practical nor advantageous to the State to expend the time and resources to compete for these services when Pharmerica is an authorized CMS contract supplier and meets all of HHSC's needs for Part B Services.

Procurement by HRS 103D competitive means is not practicable, advantageous or applicable to HHSC while using a CMS approved vendor for DMEPOS Medicare Part B contracting.

**9. Details of the process or procedures to be followed in selecting the vendor to ensure maximum fair and open competition as practicable:** Due to the reasons outlined in Section 8 above, direct negotiation with Pharmerica to immediately secure their time is needed.

**10. A description of the agency's internal controls and approval requirements for the exempted procurement:** HHSC's corporate procurement policies and procedures are maintained and updated periodically to address procurement delegation, methods of procurement, authorities to administer contract and other procurement related matters.

**11. A list of agency personnel, by position, who will be involved in the approval process and administration of the contract:**

Name	Position	Involvement in Process	
Joe Evanoff	Director Contracts/Materials Management	<input type="checkbox"/> Approval	<input checked="" type="checkbox"/> Administration
Dawn Hirakawa	Contract Manager	<input type="checkbox"/> Approval	<input checked="" type="checkbox"/> Administration
Edward N. Chu	HHSC CFO	<input checked="" type="checkbox"/> Approval	<input type="checkbox"/> Administration

**2. Direct inquiries to:**

Contact Name: Dawn Hirakawa  
Phone Number: 733-4170

**13.** Agency shall ensure adherence to applicable administrative and statutory requirements  
*I certify that the information provided above is, to the best of my knowledge, true and correct.*

Department Head (Print: Joe Evanoff )

Date 3/11/14

**14 .Date Notice Posted: 3/11/14**

The CPO is in the process of reviewing this request for exemption from Chapter 103D, HRS. Submit written objections to this notice to issue an exemption from Chapter 103D, HRS, within seven (7) calendar days or as otherwise allowed from the above posted date to: Chief Procurement Officer, HHSC, 3675 Kilauea Ave., Honolulu, Hawaii 96816.

Reserved for CPO/Delegee Use Only

Chief Procurement Officer's comments:

15.  **APPROVED**

\_\_\_\_\_  
HHSC Chief Procurement Officer - *Signature*

\_\_\_\_\_  
Date

**DISAPPROVED:**

**NO ACTION REQUIRED**