

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

**EX Number: 008**

**1. TO:** Chief Procurement Officer

**2. FROM:** Joe Evanoff

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:** eCommerce solution for HHSC Materials Management Information System (MMIS) master file data synchronization, data automation, and electronic interchange for order placement and invoice receipts to accounting systems.

**4. Name and Address of Vendor:** GHX and or MedAssets Depending on award

**5. Price: Estimated \$860,000**

**6. Term of Contract: From:** Upon Contract signature **To:** 3 years

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

**8. Explanation describing how procurement by competitive means is either not practicable or advantageous to the State:**

HHSC is currently using three separate Materials Management Information Systems (MMIS) (McKesson Series, Siemens MedSeries4 and Meditech) across four HHSC regional hospitals. HHSC MMIS GL/AP systems are decentralized, making material management data aggregation and supply chain data review for operational improvements next to impossible. HHSC requires significant improvement in data visibility and electronic data transactions to improve savings opportunities, centralize master file data and provide supply chain spend visibility across HHSC. HHSC has two strategic long term contracts with GHX and MedAssets to provide supply chain improvement and savings opportunities for HHSC. Both vendors also provide HHSC an option under contract to use robust e-commerce solutions that will interface into HHSC MMIS AP/GL systems if HHSC desires to purchase the e-commerce modular solutions as part of their value added product offerings under contract. Both vendors are intimately engaged with HHSC supply chain operations and revenue improvement programs and currently have in-depth visibility and understanding of HHSC MMIS and AP/GL systems. MedAssets is HHSC's only group purchase organization (GPO) under contract to provide med-surge supply, pharmacy distribution, food & nutrition (dietary), etc..., discount pricing agreements across HHSC. GHX is the only known vendor that has <sup>existing</sup> direct electronic interface with MedAssets contracted vendors able to electronically exchange unit pricing information and contract price match validation (e-commerce) to MedAssets thousands of products under contract with real time data and pricing updates back to HHSC MMIS.

Conducting a formal RFP process to evaluate other eCommerce vendors and potentially incorporating another IT eCommerce system would cripple HHSC infrastructure in today's environment. Conducting a formal 103D RFP process is not practicable or advantageous to HHSC and would not produce additional benefit to HHSC or the state. The time it would take to generate, process and evaluate eCommerce solutions would be ineffective and of no value to the HHSC or the state. There are other vendors that can provide eCommerce solutions, but only GHX has direct data interchange with all of MedAssets vendor agreements/pricing and both are currently integrated within our supply chain operations.

HHSC seeks to only evaluate the GHX and MedAssets eCommerce solutions without publically posting and processing a formal RFP in accordance with 103D and admin rules. The modified evaluation process will focus on HHSC existing contract relationships with GHX and MedAssets and their product offerings. This will allow HHSC to conduct a focused technology review process of GHX and MedAssets eCommerce solutions in an accelerated review process that will involve technology and costs proposals along with vendor demonstrations at HHSC facilities.

**9. Details of the process or procedures to be followed in selecting the vendor to ensure maximum fair and open competition as practicable:** HHSC has conducted a technology review through Gartner Research to review healthcare eCommerce technology as 3rd party means to review capable and qualified vendors. HHSC will engage in a technology review and evaluation of GHX and MedAssets eCommerce technology solutions, then seek separate price proposal to be evaluated separately from the technology evaluations. Vendor proposals will be reviewed under a formal evaluation process. Vendor demonstrations will be conducted under a prescribed demonstration script managed by the HHSC Contracts Dept. All other applicable HRS and HAR will be followed to the extent practicable under this exemption from 103D methods.

**10. A description of the agency's internal controls and approval requirements for the exempted procurement:**

The exemption request is reviewed by HHSC senior management in accordance with HHSC policies and procedures. The President and CEO of HHSC (or her delegated CPO) approves the exemption requests covering more than one facility and in accordance with internal procurement policies and procedures. HHSC policies and procedures will be followed and periodic reviews of the contract action will be performed.

**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
Andrew Alvarez	Sr. Contract Manager	<input type="checkbox"/> Approval	<input checked="" type="checkbox"/> Administration
Jay Kreuzer	HHSC CIO	<input type="checkbox"/> Approval	<input checked="" type="checkbox"/> Administration
Edward N. Chu	HHSC CFO	<input checked="" type="checkbox"/> Approval	<input type="checkbox"/> Administration

**12. Direct inquiries to:** Joe Evanoff

Phone Number: 808-733-4168

**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.*



**Joe Evanoff**

Department Head (Print: Joe Evanoff )

Date: 3/17/13

Reserved for CPO/Delegee Use Only

**14 .Date Notice Posted: 3/17/14**

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

**Chief Procurement Officer's comments:**

15.  **APPROVED**



HHSC Chief Procurement Officer - Signature

4/15/14

Date

**DISAPPROVED:**

**NO ACTION REQUIRED**