

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

EX Number: EX-22

1. TO: Chief Procurement Officer

2. FROM:

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: System agreement for clinical laboratory services.

4. Name and Address of Vendor: Pan Pacific Pathologists, LLC
33 Lanihuli Street, Hilo, HI 96720

5. Price: Current NTE = \$21.75M

6. Term of Contract: From: June 30, 2003 To: December 14, 2016

7. Prior Exemption Ref. No.
None

8. Explanation describing how procurement by competitive means is either not practicable or advantageous to the State: Contract was awarded as a "Discretionary" procurement in 2003 prior to the time when HHSC was subject to state procurement code HRS §103D. HHSC desires to issue a formal RFP for the pathology services provided under this agreement but must wait until such time that the HHSC EMR and ICD-10 implementations are completed. Note: HHSC did issue a competitive solicitation for these services in 2012, which was subsequently suspended when all parties, including Offerors, agreed that HHSC was unable to move forward due to the burden of EMR and ICD-10 implementations. HHSC lacks the required staffing to accommodate implementation of the EMR and ICD-10 projects, and until these implementations are completed HHSC will not have adequate resources to undertake the complex technical process of migrating from one laboratory information system to another if a new pathology and lab services provider is selected.

HHSC, currently subject to the procurement code, and in conformance with §103DHRS, has been extending the contract's period of performance in 180-day increments since June, 2011. The on-going method of 180 day extensions is neither advantageous nor practical, and HHSC desires to extend the agreement for a period of time greater than 180 days. A long term extension of the Time of Performance is currently prohibited by §103D and admin rules.

9. Details of the process or procedures to be followed in selecting the vendor to ensure maximum fair and open competition as practicable: HHSC full and open competition will resume once HHSC has completed its EMR and ICD-10 implementations. HHSC is seeking a 24 month contract extension with Pan Pacific Pathologists, LLC.

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/CEO of HHSC (or 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	
Alison Stransky	Contracts Manager	<input type="checkbox"/> Approval	<input checked="" type="checkbox"/> Administration
Joe Evanoff	Director of Contracts	<input type="checkbox"/> Approval	<input checked="" type="checkbox"/> Administration
Alice Hall	HHSC CEO	<input checked="" type="checkbox"/> Approval	<input type="checkbox"/> Administration

