

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

EX - 077

1. TO: Chief Procurement Officer

2. FROM: Gayanne Abafo, Revenue Cycle Analyst and Tammy Dumlao, Director of Revenue Cycle

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: Change Healthcare, formerly RelayHealth, a division of McKesson Technologies, provides HHSC with electronic and paper claims processing services submitted by two HHSC information systems; the McKesson (SERIES) information system currently being phased out, and Cerner's Soarian, the HHSC Electronic Medical Record (EMR) system utilized by most HHSC facilities.

4. Name and Address of Vendor: Change Healthcare
5995 Windward Parkway
Alpharetta, GA 30005

5. Price: \$430,000.00

6. Term of Contract: From: Date of Execution To: Five Years

7. Prior Exemption Ref. No. None

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

The current contractor HHSC utilizes for claims processing services, Change Healthcare (formerly the RelayHealth claim management application known as "RelayAssurance"), is interfaced with the Cerner Soarian Financials module, a component of the HHSC Electronic Medical Records system that is currently contracted through July 20, 2019. The Cerner/RelayAssurance implementation and interface development effort took more than four years to complete in the following HHSC facilities: Kona Community Hospital, Kohala Hospital, Maui Memorial Medical Center, Kula Hospital, Lanai Community Hospital, Kauai Veterans Memorial Hospital and Samuel Mahelona Memorial Hospital. Three of the named facilities which comprise the current HHSC Maui Region will transition to a private operator effective July 1, 2017. It is expected that during the next five years other facilities may also opt to explore private/public partnership options and leave the HHSC system as well. The cost of any new claims management application implementation coupled with the current uncertainty that HHSC faces, together make it neither practicable, nor advantageous to the State to compete these services at this time.

9. Details of the process or procedures to be followed in selecting the vendor to ensure maximum fair and open competition as practicable: Direct negotiations and contracting with Change Health will be conducted to renew the current service contract, and no formal solicitation will be performed at this time. Periodically, within the term of this Exemption and/or upon renewal of the Exemption, HHSC will review its service needs to determine if the business and technology needs warrant a rebid of the above named goods and services.

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

The Exemption Request is reviewed by HHSC corporate director of contracts management and then forwarded to the HHSC CPO in accordance with HHSC policies and procedures. The President and CEO of HHSC (or her delegated CPO) approves the Exemption in accordance with internal procurement policies and procedures.

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

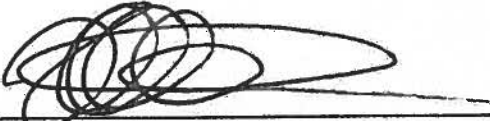
<i>Name</i>	<i>Position</i>	<i>Involvement in Process</i>	
Joe Evanoff	Director Contracts & Materials Management	<input type="checkbox"/> Approval	<input checked="" type="checkbox"/> Administration
Andrew Alvarez	Contracts Manager	<input type="checkbox"/> Approval	<input checked="" type="checkbox"/> Administration
Tammy Dumlao	Director of Revenue Cycle	<input type="checkbox"/> Approval	<input checked="" type="checkbox"/> Administration
Gayanne Abafo	Revenue Cycle Analyst, IT	<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:

Contact Name: Andrew Alvarez
Phone Number: 808 793-2670

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: *Tammy Dumlao*)

Date 4/24/2017

Reserved for CPO/Delegee Use Only

14 .Date Notice Posted: April 25, 2017

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:

Critical application for patient billing.

15. APPROVED

DISAPPROVED:

NO ACTION REQUIRED



HHSC Chief Procurement Officer - Signature

5/4/17
Date