

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

**EX Number: EX-159**

**1. TO:** Chief Procurement Officer

**2. FROM:** Heath Hollenbeck, Director Technical Services

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:** Since 2003, ZixCorp Systems has provided HHSC with secure email encryption services, including an email encryption gateway to ensure sensitive information sent via email is encrypted and stays secure.

<b>4. Name and Address of Vendor:</b> ZixCorp Systems, Inc. 2711 N. Haskell Ave, Suite 2300 Dallas, Texas 75204	<b>5. Price:</b> \$300,000
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<b>6. Term of Contract:</b> From: Date of Execution To: Five Years	<b>7. Prior Exemption Ref. No.</b> EX-027, EX-045, EX-083 & EX-110
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**8. Explanation describing how procurement by competitive means is either not practicable or advantageous to the State:** Contractor provides a secure email encryption gateway to insure that HHSC does not send Patient Health Information (PHI) and other sensitive data via email without encryption. The Contractor has existing hardware in the HHSC Data Center that has already been professionally installed and configured. Additional hardware is not needed to continue using the Contractors encryption service. Current HHSC staff are trained to maintain and update/configure the Contractor's most current hardware. Bidding the service out for a new Contractor would not be beneficial to the State of Hawaii as it would not be cost effective. A new Contractor would require HHSC to purchase new Hardware, Installation services, Professional Setup and Training HHSC staff how to maintain and update/configure the product.

**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 with ZixCorp will be held and no formal solicitation will be conducted. The Contractor's services are also available via the State's NASPO Agreement, but HHSC is unable to utilize this resource due to its need to negotiate directly with the Contractor to modify some terms to comply with statutory and regulatory requirements prior to signing..

**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 once 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	
Heath Hollenbeck	Director Technical Services	<input type="checkbox"/> Approval	<input checked="" type="checkbox"/> Administration
Renee Lai	HHSC CIO	<input type="checkbox"/> Approval	<input checked="" type="checkbox"/> Administration
Andrew Alvarez	Sr. Contracts Manager	<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: 808.873.3053

**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.*



**RENEE LAI**

May 18, 2021

Department Head Signature/Printed Name

Date

**14 .Date Notice Posted: 5/17/2021**

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:**

Services are critical for compliance with healthcare privacy laws.

15.  **APPROVED**



May 27, 2021

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HHSC Chief Procurement Officer - *Signature*

\_\_\_\_\_  
Date

**DISAPPROVED:**

**NO ACTION REQUIRED**