

EX-06-19



**STATE PROCUREMENT OFFICE
NOTICE OF AND REQUEST FOR EXEMPTION
FROM CHAPTER 103D, HRS**

1. TO: Head of Purchasing Agency

2. FROM: Alice Hall, Director of Contract Management/Ass't Gen'l Counsel

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:

Critical Access Hospital ("CAH") Emergency Room ("ER") physician and allied health care clinical services at the 7 CAH facilities (Kauai Veterans, Samuel Mahelona, Honokaa, Ka'u, Lanai, Kula, and Kohala).

4. Name of Vendor: various

Address:

5. Price:

Sup to \$7 million per year

6.

Term of Contract: From: various

To:

7. Prior Exemption Ref. No.

8. Explanation describing how procurement by competitive means is either not practicable nor advantageous to the State: CAH ER physician/allied health professional clinical services are very difficult to procure because the facilities are in remote areas which are not always considered attractive places to work by highly trained medical professionals. In addition, there are low patient volumes (compared to other ER departments) so less patients are seen than in the busier ERs, a negative factor to most medical professionals. HHSC has issued RFPs in the past for full time physician coverage and has occasionally awarded contracts via that method; however, HHSC has determined that this method is not in the best interests of the State or HHSC since it is one dimensional and does not result in a variety of coverage options. Putting in place a matrix of contracts to provide options for coverage does not admit of competition. In addition, some contractors who have participated in RFP'S to provide ER coverage for the CAH's have allegedly underbid and ended up terminating their contracts. (Continuation attached)

9. Details of the process or procedures to be followed in selecting the vendor to ensure maximum fair and open competition as practicable: HHSC is discussing the various models of coverage with any and all interested vendors. HHSC has talked to many other healthcare providers in an attempt to solicit interest in assisting with coverage of the Emergency Rooms in the CAH's. Exclusive contracts will not be awarded. A fair market value negotiation and evaluation process is strictly adhered to when contracting for these health care services and is reviewed by the compliance officer in order to ensure that no vendor is being over paid, which also furthers competition.

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

The Regional CFOs, Regional CEOs, Corporate COO/CFO, and Pres/CEO will all be involved in awarded the contracts. The Medical Directors of the CAH facilities will also be involved.

REQUEST FOR EXEMPTION FROM CHAPTER 103D, HRS (Cont.)

12. 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	
Thomas Driskill, Jr.	Pres/CEO	X <input type="checkbox"/> Approval	<input type="checkbox"/> Administration
Kelley Roberson	COO/CFO	x	<input type="checkbox"/> Administration
Orianna Skomoroch	Regional CEO (Kauai)		x <input type="checkbox"/> Administration
Mike Perel	Regional CFO (Kauai)	<input type="checkbox"/> Approval	x <input type="checkbox"/> Administration
Gerald Tomory	Regional Medical Director	<input type="checkbox"/> Approval	X
See attached list		<input type="checkbox"/> Approval	<input type="checkbox"/> Administration

13. Direct inquiries to:	Department: Contract Management Contact Name: Alice Hall Phone Number: 733-4168 Fax Number: 733-4460
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14. This exemption should be considered for list of exemptions attached to Chapter 3-120, HAR: YES xx NO

Agency shall ensure adherence to applicable administrative and statutory requirements

15. *I certify that the information provided above is, to the best of my knowledge, true and correct.*

Alice Hall

6/29/06

Department Head

Date

16. Date Notice Posted 6/29/06

The Head of the Purchasing Agency, thru a delegation from the Chief Procurement Officer, 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 calendar days or as otherwise allowed from the above posted date to: Thomas Driskill, Jr, HHSC, 733-4151

Chief Procurement Officer's/HPA comments:

17. APPROVED DISAPPROVED

[Signature]
Head of Purchasing Agency

07/07/06
Date

Exemption for CAH ER Services, continued.

8. (cont) A service matrix is going to be put into place with other health care providers, locum tenens agencies, individual contracted physicians, and physician group entities. This complex plan to provide coverage and be prepared for the need to exercise various options requires that HHSC have the flexibility to enter into different agreements with different types of vendors on a continuing basis. However, formal competitive processes do not allow for the flexibility to negotiate with various potential vendors for different methods of providing the coverage.

The CAH's have been experiencing crises due to the lack of coverage and one CAH had to temporarily close it's ER as a result. While an emergency action could be carried out on a case by case basis under the procurement code, it is not always possible to wait until there is imminent danger to health and safety before putting in place the contractual relationship; licensing and credentialing requires that actions be taken far in advance, in anticipation of a shortage of needed personnel. In addition, enormous amounts of time are spent by the administration at the time coverage becomes an "emergency". By putting in place a matrix of various contractual arrangements, more options will be available and closure of CAH Emergency Rooms can be avoided.

LIST OF PERSONNEL, CONTINUED:

Wesley Lo, Regional CEO (Maui)	Administration
Pat Saka, Regional CFO (Maui)	Administration
Ron Schurra, Regional CEO (E. Haw.)	Administration
Julie Rukstad, Regional CFO (E. Haw.)	Administration
Donald Lewis, Regional CEO (W. Haw.)	Administration
Raymond Liu, Regional CFO (W. Haw.)	Administration