

EX 06-24



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

1. TO: Chief Procurement Officer
2. FROM: Ronald J. Schurra, East Hawaii Region CEO

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:

Vendor services for orthopedic equipment/instruments for specific orthopedic procedures in the operating room (OR). Equipment/instruments include surgical implants, instruments and other medical products specific for the OR. A number of equipment/sets are not kept at Hilo Medical Center (HMC) but flown in on an on-call basis for the surgeon. Most of the items are not billed until surgery is completed.

4. Name of Vendor: HOWMEDICA-OSTEONICS CORP. dba STRYKER ORTHOPAEDICS

5. Price:

Address: 325 Corporate Drive, Mahwah, NJ 07430

NTE \$400,000

6.

Term of Contract:

From: 8/1/2006

To: 12/31/2007

7. Prior Exemption Ref. No.

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8. Explanation describing how procurement by competitive means is either not practicable nor advantageous to the State:

Dr. Peter Matsuura is the only orthopedic surgeon who is able to perform total joint procedures at HMC. He is specifically trained in the use of the vendor's equipment/instruments. No other vendor is able to provide equipment/instruments specific to Dr. Matsuura's surgical technique and training. It is not advantageous and reasonable for the State to require this surgeon to change his method, practices or use of equipment/instruments. He has been using this vendor for >5 years at HMC with good results for his patients. Vendor's instruments and equipment are not interchangeable with other companies. The products that are required by this physician can only be obtained thru this vendor. Substitute products that are similar but not identical will not suffice because the physician is not experienced with those other products. It is not practical to make a surgeon who is part of the independent medical staff change his technique or practice. Changing vendors would require retaining of this surgeon and OR staff at a significant cost to the State.

9. Details of the process or procedures to be followed in selecting the vendor to ensure maximum fair and open competition as practicable:

There are other orthopedic vendors, but they do not provide the same, or interchangeable, equipment/instruments specific to this surgeon's knowledge of repairing bones and joints. Hawaii Health Systems Corporation can continue to monitor the market in an attempt to find appropriate competition for this vendor, but as none currently exists, we must maintain the existing level of patient services. No other vendor is being considered at this time.

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

The Director of Contract Management reviews requests for exemptions for sufficiency prior to submission to the President and CEO for action.

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	
Ronald J. Schurra	East Hawaii Region, CEO	<input checked="" type="checkbox"/> Approval	<input type="checkbox"/> Administration
Julie Rukstad	East Hawaii Region, CFO	<input checked="" type="checkbox"/> Approval	<input type="checkbox"/> Administration
Eileen O'Hara-Weir	East Hawaii Region, Contract Manager	<input type="checkbox"/> Approval	<input checked="" type="checkbox"/> Administration
		<input type="checkbox"/> Approval	<input type="checkbox"/> Administration
		<input type="checkbox"/> Approval	<input type="checkbox"/> Administration
		<input type="checkbox"/> Approval	<input type="checkbox"/> Administration

13. Direct inquiries to: Department: Clinical Nursing Supervisor
 Contact Name: Christine Takahashi, RN
 Phone Number: (808) 933-3109
 Fax Number: (808) 974-7060

Agency shall ensure adherence to applicable administrative and statutory requirements

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

Julie Rukstad for Ron Schurra 7/20/06
 Department Head Date

Response for SPO Use Only

15. Date Notice Posted 7-20-06

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:

Chief Procurement Officer
 State Procurement Office
 P.O. Box 119
 Honolulu, Hawaii 96810-0119

Chief Procurement Officer's comments:

I am signing this request for exemption in accordance with authority granted to me by Tom Driskill in his absence.

[Signature] 07/27/06

16. APPROVED DISAPPROVED

[Signature] 07/27/06
 Chief Procurement Officer Date
 COO & CFO