

EX 06-36

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

1. **TO:** Chief Procurement Officer, Thomas Driskill, Jr. Pres/CEO

2. **FROM:** Kelley Roberson, COO/CFO  
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:

<p><b>3. Description of goods, services, or construction:</b>  "Specialty" Medical Supplies, Services and Equipment as requested by a member of the medical staff within the respective HHSC Facility. Medical Service areas listed include, but are not limited to the following:</p> <table border="0"> <tr> <td>1. Vascular / Angiography</td> <td>16. pediatrics and newborn</td> </tr> <tr> <td>2. Cysto/Urology</td> <td>17. psychiatry</td> </tr> <tr> <td>3. Endoscopy / Gastroenterology</td> <td>18. internal medicine disciplines</td> </tr> <tr> <td>4. Ear, Nose &amp; Throat Specialty</td> <td>19. all areas of radiology</td> </tr> <tr> <td>5. Ophthalmology</td> <td>20. telemetry</td> </tr> <tr> <td>6. General Surgery</td> <td>21. oncology</td> </tr> <tr> <td>7. OR/Surgical Instruments</td> <td>22. neurosurgery</td> </tr> <tr> <td>8. OBGYN</td> <td>23. med/surg services</td> </tr> <tr> <td>9. Orthopedics</td> <td>24. critical care</td> </tr> <tr> <td>10. Neurology</td> <td>25. dialysis</td> </tr> <tr> <td>11. Vascular</td> <td></td> </tr> <tr> <td>12. Thoracic</td> <td></td> </tr> <tr> <td>13. Plastic</td> <td></td> </tr> <tr> <td>14. Podiatry</td> <td></td> </tr> <tr> <td>15. Pulmonology</td> <td></td> </tr> </table>			1. Vascular / Angiography	16. pediatrics and newborn	2. Cysto/Urology	17. psychiatry	3. Endoscopy / Gastroenterology	18. internal medicine disciplines	4. Ear, Nose & Throat Specialty	19. all areas of radiology	5. Ophthalmology	20. telemetry	6. General Surgery	21. oncology	7. OR/Surgical Instruments	22. neurosurgery	8. OBGYN	23. med/surg services	9. Orthopedics	24. critical care	10. Neurology	25. dialysis	11. Vascular		12. Thoracic		13. Plastic		14. Podiatry		15. Pulmonology	
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<p><b>4. Name of Vendor:</b> Multiple Potential Vendors based upon Physician approved request (see criteria below) Address:</p>	<p><b>5. Price:</b> Up to \$10,000,000 total all contracts</p>																															
<p><b>6. Term of Contract:</b> <b>From:</b> date of this exemption approval <b>To:</b> 01/31/08</p>	<p><b>7. Prior Exemption Ref No.</b></p>																															
<p><b>8. Explanation describing how procurement by competitive means is either not practicable or not advantageous to the State:</b></p> <p>When patients are scheduled for a surgical procedure or require special equipment to meet their unique physical needs, the physician may request a particular specialty equipment/device, medical supply or service based upon the type of care prescribed for a particular patient.</p> <p>The physician request for specialty equipment, medical supplies, or services is based upon unique characteristics of patient needs, special technology, physician training, physician knowledge, existing facility equipment compatibilities, infection control, previously implanted devices into a patient, urgency and availability of services, and other judgments made by the medical staff. This criteria will be utilized in reviewing the request to purchase to determine if it fits within this Exemption.</p> <p>Hawaii is currently experiencing a crisis in physician services, especially within the OR/Surg area. It is not practical to limit HHSC physicians to use products that do not provide the optimum outcomes, based on the judgment of the physician. Physicians have sent patients off island or postponed needed procedures because of the time it takes to process a request for exemption for a particular item. The normal process is not effective in meeting the needs of the people of this State as those processes critically limit HHSC and the physicians' ability to care for all types of patients.</p>																																
<p><b>9. Details of the process or procedure to be followed in selecting the vendor to ensure maximum fair and open competition as practicable:</b> Physician Specialty Request in order of sequence:</p> <ol style="list-style-type: none"> <li>Department receives request from physician with justification and creates written request (PR) for specialty items, which are not practicable to obtain via competition, documenting the reason for the lack of competition utilizing the criteria detailed above.</li> <li>Dept. Supervisor reviews &amp; approves physician specialty request to ensure PR is in compliance with this Exemption and to determine if the product(s) or services should be purchased without competition.</li> <li>Dept. Supervisor obtains Regional or Corp Executive Management Team (EMT) or designee approval on PR.</li> <li>Dept. provides the approved PR to Regional Material Management for appropriate payment method – PO or Contract.</li> <li>Regional Material Management will send approved PR to Exec. Director of Contract Management for contract management work assignment, where applicable.</li> </ol>																																

- f. Tax clearance documents will be obtained as required under Chapter 103-53.
- g. Procurements \$2500 or more utilizing this exemption will be posted on the State Procurement Reporting System.

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

As indicated in section 9 above, the department involved and physician involved will indicate the need and reason for use of a particular product or service by completing a PR form and obtaining appropriate EMT approval.

Regional Material Manager will document purchase with the PR and will check to see if the requested product is available under acceptable terms and make the best value purchase either by Purchase Order or Contract – whichever is deemed necessary for the price of request and terms and conditions of the contract.


Internal auditing functions will include a review of implementation of this process to determine if it has been implemented correctly and meets the purpose of the exemption.

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

Name	Position	Involvement in Process	
		<input type="checkbox"/> Request	<input type="checkbox"/> Administration
Hospital Department	Supervisor	<input type="checkbox"/> Approval	<input type="checkbox"/> Administration
Regional EMT	EMT or Designee	<input type="checkbox"/> Approval	<input type="checkbox"/> Administration
Regional Material Manager	Regional Material Mgt.	<input type="checkbox"/> Approval	<input type="checkbox"/> Administration
Alice Hall	Exec. Director of Contracts Mgt.	<input type="checkbox"/> Approval	<input type="checkbox"/> Administration

12. Direct questions to: Department: Corp Director of Materials Manager  
 Contact Name: Joe Evanoff  
 Phone No. 808-884-5722  
 Fax No. 808-884-5723

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

  
 Department Head or Designee

11/08/06  
 Date

**Reserved for CPO/Delegee Use Only**

14. Date Notice Posted 11-9-06

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, Thomas Driskill, Jr.  
 HHSC  
 3675 Kilauea Ave.  
 Honolulu, Hawaii 96816

Chief Procurement Officer Comments:

15.  APPROVED     DISAPPROVED  
 NO ACTION REQUIRED

  
 Chief Procurement Officer      11/16/06  
 Date