

EX 06-41

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

TO: Chief Procurement Officer
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:

Maintenance support service agreement for existing Hill-Rom Nurse Call communication system including proprietary software licensing; annual inspection, maintenance & support; and equipment upgrades/modifications to improve & expand system performance.

4. Name of Vendor: Hill-Rom

Address: 1069 State Highway 46 East, Batesville, IN 47006

5. Price:

\$88,740

6. Term of Contract:

From: 3/1/2007

To: 2/28/2010

7. Prior Exemption Ref. No.
PO 44902

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

Procurement of annual license renewal and maintenance for computer software are procurements approved for sole source under HAR 3-122 Exhibit B. We believe it to be impractical to compete for the equipment upgrades/modifications necessary to improve and expand the existing nurse call system performance, as the equipment must meet stringent specifications to be compatible with existing installed equipment and proprietary software. To receive all services and equipment directly from the vendor would be advantageous to HHSC with regard to cost, repair time, and patient safety. An exemption would allow for the integration of existing system with equipment upgrades to improve and expand performance of the HMC's nurse call communication system.

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

The term of the exemption will be for a 3-year period over which time the vendor is willing to waive annual maintenance agreement cost increases, which is advantageous to HHSC. Before the end of this contract period, HHSC will re-evaluate the effectiveness of existing equipment in meeting the needs for a nurse call communication system to determine if there are other vendors could provide for the maintenance and equipment service needs of this system. Based on the available information and research, the best procurement practices will be completed.

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. HHSC policies and procedures will be followed and periodic reviews of contract action will be completed.

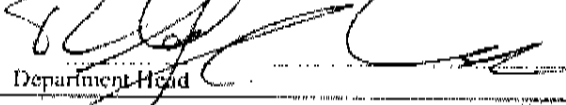
12. A list of agency personnel, by position, who will be involved in the approval process and administration of the contract:

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'Hora-Weir	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: Contract Manager
 Contact Name: Eileen O'Hora-Weir
 Phone Number: 933-2778
 Fax Number: 933-2793

14. This exemption should be considered for list of exemptions attached to Chapter 3-120, IAR: YES 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.

 Date 10-31-06

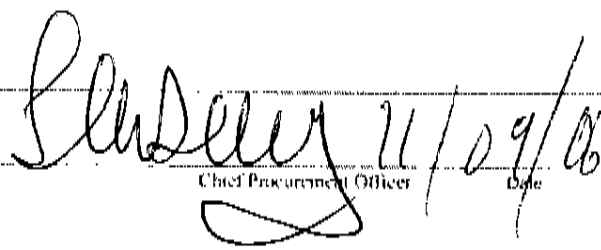
16. Date Notice Posted 10-31-06

The Head of the Purchasing Agency 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
 HHSC
 3675 Kilauea Ave.
 Honolulu, Hawaii 96816

Chief Procurement Officer's comments:

17. APPROVED DISAPPROVED

 Date 11/09/06