

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

No. 09-003

1. TO: Chief Procurement Officer
2. FROM: Stephen Wada, Director of Business Operations

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>3. Description of goods, services or construction:</p> <p>Vendor provides services related to Diagnosis-Related Groupings (DRG) code assignment validation audits, conducts reviews of all closed/paid Medicare and other DRG-based Payers' remittances for possible re-submittal at higher-weighted DRG levels, and conducts trend analysis of medical coding with respect to DRG.</p> <p>Facilities served by Vendor include Maui Memorial Medical Center, Kona Community Hospital, Hilo Medical Center and Kauai Veterans Memorial Hospital.</p>	
<p>4. Name of Vendor: Managed Resources, Inc.</p> <p>Address: 11 Golden Shore, Suite 360, Long Beach, CA 90802</p>	<p>5. Price: NTE \$250,000.00</p>
<p>6. Term of Contract: From: Date of Signature To: Dec 31, 2010</p>	<p>7. Prior Exemption Ref. No.</p>
<p>8. Explanation describing how procurement by competitive means is either not practicable or advantageous to the State:</p> <p>This Agreement No. FY06-138 was competitively awarded and negotiated in 2006 to provide services at fixed rates through 2010. Re-competing this requirement at this time would be neither practicable nor advantageous to the State. There would be considerable reprocurement costs associated with this effort, both in staff resources and dollars. Further, the rates established in 2006 under this agreement are competitive, particularly in the context of the current economic down-turn. Further, the initial competition ranked this Vendor as "technically superior"; therefore it is unlikely that a new competition would result in a technically superior alternative.</p> <p>From a pricing and technical perspective, combined with the cost of reprocurement, it is in the best interest of the State to exempt this procurement from competition, and instead maintain an agreement with the incumbent.</p>	
<p>9. Details of the process or procedures to be followed in selecting the vendor to ensure maximum fair and open competition as practicable:</p> <p>The Vendor in this case is the incumbent, and as such has already been subject to the competitive award process. The incumbent was ranked as offering the best overall combination of price and technical superiority. The pricing agreed upon in 2006 will be maintained without increase under this new agreement, through 2010.</p>	

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

This exemption shall be from HRS, Section 103D-303, and all other guidelines, rules and policies under chapter 103D shall be upheld. HHSC policies and procedures will be followed and periodic reviews of 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:

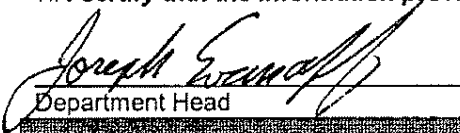
Name	Position	Involvement in Process	
Stephen Wada	Director Business Operations	<input type="checkbox"/> Approval	<input checked="" type="checkbox"/> Administration
Joe Evanoff	Director Materials Management	<input type="checkbox"/> Approval	<input checked="" type="checkbox"/> Administration
Alison Stransky	Contracts Manager	<input type="checkbox"/> Approval	<input checked="" type="checkbox"/> Administration
Tom Driskill	CEO, Chief Procurement Officer	<input checked="" type="checkbox"/> Approval	<input type="checkbox"/> Administration
		<input type="checkbox"/> Approval	<input type="checkbox"/> Administration
		<input type="checkbox"/> Approval	<input type="checkbox"/> Administration

12. Direct inquiries to: Department: Procurement
 Contact Name: A.A. Stransky
 Phone Number: 808. 733-4168
 Fax Number: 808. 733-4460

13. This exemption should be considered for list of exemptions attached to Chapter 3-120, HAR: YES NO

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.


 Department Head

10/21/08
 Date

Reservations Procurement Use Only

15. Date Notice Posted _____

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 (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:


 10/23/08