

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

1. TO: Chief Procurement Officer

2. FROM: Stephen Wada

Department/Division/Agency

EX 09-013

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:

The purpose of this exemption is to award a single, short-term contract to Managed Resources, Inc. (MRI) to assist HHSC in rapidly conducting Readiness Audits for the impending Center For Medicaid and Medicare Services (CMS) mandated Medicare Recovery Audit Contractor (RAC) audits, which may commence as early as May, 2009 but no later than August, 2009.

4. Name of Vendor: Managed Resources Inc.

Address: 11 Golden Shore, Suite 360
Long Beach, CA 90802

5. Price:

\$300,000.00

6. Term of
Contract:

From: Date of last
signature on Contract

To: One year Term

7. Prior Exemption Ref.
No.

8. Explanation describing how procurement by competitive means is either not practicable or advantageous to the State:

It is highly probable that HHSC and therefore the State of Hawaii will be exposed to a negative financial impact stemming from the CMS-RAC review. Estimates place this figure at \$1.2M. It is essential that in order to reduce or mitigate this potential penalty, HHSC undertake Readiness Audits immediately. It should be noted that HHSC was not provided with sufficient time to conduct a competitive solicitation by the CMS auditing entity. MRI is already on-island and has extensive knowledge of the HHSC coding system. MRI will be able to immediately perform Readiness Audit functions compared to a vendor who would be obtained through a lengthy formal competitive solicitation and then require time to develop familiarity with the HHSC system. Delays in the start of Readiness Audits will translate into financial losses 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:

The term of the exemption will be for one (1) year, at which time the HHSC will perform a formal solicitation. Fair and open competition will be established during an RFP for Coding Validation Services, now scheduled for FY10. The exempted vendor offers the state fair and reasonable pricing as compared to similar vendors offering similar services, and will not be accorded a competitive advantage in the RFP process for its role as the incumbent HHSC contractor.

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	Managing Analyst of Revenue Cycle & Compliance	<input checked="" type="checkbox"/> Approval <input type="checkbox"/> Administration
Alison Stransky	Contracts Manager	<input type="checkbox"/> Approval <input checked="" type="checkbox"/> Administration
Joseph Evanoff	Director of Contracts & Matrls Mgt.	<input type="checkbox"/> Approval <input checked="" type="checkbox"/> Administration
Kelley Roberson	Chief Operating Officer & Chief Financial Officer	<input checked="" type="checkbox"/> Approval <input type="checkbox"/> Administration
Thomas Driskill Jr.	Chief Executive Officer	<input checked="" 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	

Agency shall ensure adherence to applicable administrative and statutory requirements

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

Department Head (Print: Kelley Roberson)

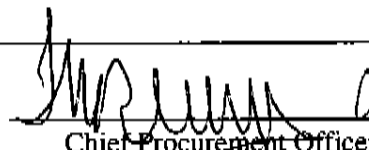
Date

14 .Date Notice Posted _____

The CPO 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:

15. APPROVED DISAPPROVED
 NO ACTION REQUIRED


 Chief Procurement Officer 05/05/09
 Date