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

1. TO: Chief Procurement Officer  
2. FROM: A.A. Stransky/Contracts Management

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: HHSC Corporate Finance requires specialized software to access claims at Medicare UGS via DDE. Only three software providers are authorized by Nat’l Government Services: Ivans, ECC and VisionShare. Only one of these three vendors can provide OS connectivity using the existing HHSC hardware (two IBM servers). The other vendors would require HHSC to scrap existing hardware and re-purchase third-party proprietary hardware compatible with the vendor’s OS. Also, the sole vendor who can provide connectivity using the existing HHSC hardware can also eliminate HHSC’s current need to purchase additional $2800 3720 emulator software (Passport). The vendor is able to push 3720 emulator software to HHSC free of charge.

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<th>4. Name of Vendor: VisionShare, Inc.</th>
<th>5. Price: $6,000.00 annually</th>
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<td>Address: 2550 University Ave, West, Ste 310 South St. Paul, MN 55114</td>
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6. Explanation describing how procurement by competitive means is either not practicable or advantageous to the State:

There are only two other vendors who are authorized by NGS to provide software – Ivans and ECC. For this reason this procurement is not strictly a “sole source” however, both ECC and Ivans’ solutions will require HHSC to scrap two existing IBM servers which were purchased in 2005, and replace them with new hardware and emulator software that is compatible with the ECC and Ivans’ operating systems. Additional HHSC funds to cover new servers and emulator software would be required in order to adopt the ECC or Ivans’ solution.

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

At the completion of each 12-month contract period HHSC will search the NGS database to determine whether NGS has authorized additional vendors to provide software. If new vendors are available then HHSC will explore whether the new vendors can offer a solution that is cost effective for HHSC, and does not require the purchase of replacement hardware and software. If new vendors can meet these criteria, then HHSC can issue a competitive procurement.
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:

<table>
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<tr>
<th>Name</th>
<th>Position</th>
<th>Involvement in Process</th>
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<tbody>
<tr>
<td>Tom Driskill</td>
<td>CPO, CEO and President</td>
<td>X Approval</td>
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<tr>
<td>Joe Evanoff</td>
<td>Procurement Director</td>
<td>X Approval</td>
</tr>
<tr>
<td>Pat Holiday</td>
<td>IS Technical Requester</td>
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<tr>
<td>Alison Stransky</td>
<td>Contract Manager</td>
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12. Direct inquiries to:

Department: Finance
Contact Name: Alison Stransky
Phone Number: 808.733-9074
Fax Number:

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.

[Signature] 10/9/09

Department Head (Print):

14. Date Notice Posted: October 9, 2009

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: In accordance with authority granted to me by CPO Tom Driskill, I am approving this well-justified request for exemption.

[Signature] 10/15/09

Chief Procurement Officer  Date