

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

1. TO: Chief Procurement Officer re: EX10-002 EXTENSION AS 11-003
2. FROM: A.A. Stransky/Contracts Management

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: **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 vendor 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.**

4. Name of Vendor: **VisionShare, Inc.**

Address: **2550 University Ave, West, Ste 310 South
St. Paul, MN 55114**

5. Price:
\$6,000.00 annually

6. Term of Contract: From: Nov. 1, 2009 To: October 31, 2011

7. Prior Exemption Ref.
No.10-002

8. Explanation describing how procurement by competitive means is either not practicable or advantageous to the State:
There are only two other vendors who is 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:

UPDATE October 25, 2010

Per below, in preparation for the first extension of the agreement, a search of the NGS database has been unable to identify new sources/solutions. Therefore the requirement for formal exemption remains unchanged.

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:

Name	Position	Involvement in Process	
Alice Hall	Interim CPO, CEO and President	<input checked="" type="checkbox"/> Approval	<input type="checkbox"/> Administration
Joe Evanoff	Procurement Director	<input checked="" type="checkbox"/> Approval	<input type="checkbox"/> Administration
Pat Holiday	IS Technical Requester	<input type="checkbox"/> Approval	<input checked="" type="checkbox"/> Administration
Alison Stransky	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

12. Direct inquiries to: Department: Legal
 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] for Dennis Sato, 11/1/10
 Department Head (Print: DENNIS SATO / EARL BETAKE Date

Reserved for CPO/Delegee Use Only

14. Date Notice Posted October 25, 2010

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:

Due to the cost of scraping the IBM hardware, I find it is in HHSC's best interests to stay with existing vendor.

15. APPROVED DISAPPROVED
 NO ACTION REQUIRED

[Signature] 11/1/10
 Chief Procurement Officer Date