

EX11-027

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

1. TO: HHSC Interim CEO and HHSC Chief Procurement Officer

2. FROM: Kay Richford

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 is planning to procure via a Request for Proposals (RFP) an Electronic Medical Records System (EMR) and a Health Information System (HIS) which will:

- Transform current care delivery at all HHSC facilities through the use of an Electronic Medical Record (EMR) system.
- Automate clinical, financial, and other operational processes.
- Allow for a substantial degree of standardization across regions within HHSC.
- Positively impact both the quality and administrative aspects of the organization and allow fast and efficient review of clinical data at times and locations that are convenient to the provider, thereby providing the ultimate in quality and safe care for the client.
- Reduce costs and increase revenue by improving the efficiency and operation of the Regions as well as HHSC's corporate office.
- Allow HHSC to be able to demonstrate "meaningful use" of health information technology in a manner consistent with the ARRA/HITECH legislation that will allow HHSC to realize economic incentives and avoid financial penalties.

Vendors will provide a "Hospital Information System (HIS) & Electronic Medical Record System (EMR) Services", for **Acute, Long Term Care (LTC), Ambulatory (for HHSC and affiliated clinics), and Critical Access Hospitals (CAH)**, to the following HHSC Healthcare Facilities:

1. HHSC, Corporate Office
2. Maui Memorial Medical Center (Acute)
3. Kula Hospital (CAH)
4. Lanai Community Hospital (CAH)
5. Kona Community Hospital (Acute)
6. Kohala Hospital (CAH)
7. Kauai Veterans Memorial Hospital (CAH)
8. Samuel Mahelona Memorial Hospital (CAH)
9. Leahi Hospital (LTC)
10. Maluhia (LTC)
11. Kahuku Hospital (CAH)

HHSC will need to procure many new computer systems and replace some existing systems with this RFP. The following list shows systems currently in production at HHSC that we anticipate would need to be replaced:

HIS Replacement:

McKesson Series 2000:

- AP/GL
- AR
- Admitting
- Patient Accounting
- Order Entry

- Materials Management
- Medical Records

Clinical System Replacement:

McKesson:

- ORSOS / OneCall (OR scheduling system)
- Horizon Meds Manager (Pharmacy)
- ED tracking board.

Fuji:

- Radiology Information System (Empiric)

ACS:

- MIDAS (quality improvement)

MRVIEW (West Hawaii Region only)

- Medical Record viewer

Other Revenue Cycle Programs:

McKesson

- EC2000 – Claims Administrator
- Real Time Eligibility
- Remittance Administrator

ABN - Healthworks

Long-Term Care:

ADL:

- MDS
- Treatment plans / Documentation

EMR Functionality (New Systems): - may include, but not limited to

- Electronic Medical Record (nurse documentation of vitals, test results, dictated/transcribed reports, interdisciplinary care planning, etc.)
- Computerized Physician Order Entry (CPOE)
- Physician Documentation System
- Pharmacy Information System (desire to support retail pharmacy functions, if possible)
- Radiology Information System
- Laboratory Information System (limited to component to interface to external lab system)
- Electronic Medication Administration Record (e-MAR)
- Critical Care System
- Operating Room / Surgical Information System
- Emergency Department Tracking/Triage/Charting
- Bedside Medication Verification (BMV)
 - Also known as "bar-code medication administration"
- Health Information Management System (HIM)
- Long-Term Care System (for entire continuum of care)
- Support for Ambulatory Clinic Documentation
- Document Management System
- Business Intelligence / Quality Improvement System
- Remote Access / Physician-Clinician Portal

Non-Clinical Applications: - may include, but not limited to

- General Ledger / Accounts Payable (GL/AP)
- Materials Management (MM)

- Business Intelligence / Decision Support (BI)
- Budgeting
- Contract Management
- Enhanced revenue cycle (including, but not limited to, scheduling, pre-registration, registration, billing, health information management, collections, follow-up, "receivables workstation" software, remittance posting, and all supporting reporting functionalities).

Interface Requirements: - may include, but not limited to

- HL7 and XML standards fully supported
- Full bi-directional support for Continuity of Care Document record (CCD)
- Pyxis medication cabinets (bi-directional)
- Fuji PACS (Empiric) – (bi-directional) – be able to display non-diagnostic quality images directly within EMR screen
- Philips OB TraceVue (bi-directional)
- External lab system - ADT, orders, results, batch and real-time (bi-directional)
- Support for medical device integration (e.g., balloon pumps, ventilators, vital signs, etc.)
- External Long-Term Care system – *possibly* (bi-directional)
- Dictation/transcription system (bi-directional)
- Bayer blood-gas unit
- Encoder/abstracting module
- IMPAC radiation therapy system
- Ability to keep CDM and Doctor Masters across systems
- Hawaii state Health Information Exchange (exact details yet to be specified)
- Inbound interface of key yet-to-be-determined data from HHSC's East Hawaii Meditech system

Required Historical Data Conversions: - may include, but not limited to

- Series 2000 – demographic information and "visit history" transactions
- ADL Long-Term Care system – demographic information and MDS data
- Fuji (Empiric) RIS – radiology reports, transcriptions, etc.
- Nuance transcription data

<p>4. Name of Vendor: Undetermined at this time Address: NA</p>	<p>5. Price: Approximately \$52.1M (including Hawaii General Excise Taxes)</p>
<p>6. Term of Contract From: 7/1/2011 To: 6/30/2016</p>	<p>7. Prior Exemption Ref. No.</p>

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

Over the next 25 years, this will be the single most important effort undertaken by HHSC from an information technology and business process standpoint. By federal mandate, HHSC must demonstrate "meaningful use" of health information technology in a manner consistent with the ARRA/HITECH legislation that will allow it to realize economic incentives and avoid financial penalties. Through the HITECH section of the ARRA economic stimulus act, the Federal Government has made millions of dollars in economic incentives available to individual providers who can demonstrate meaningful use of certified health information technology systems. These incentives turn into financial penalties after 2015, if HHSC cannot comply with the meaningful use regulations.

Certain deviations from the 103D process will be necessary in order to ensure the most advantageous contract for HHSC and the State from a financial and operational perspective. The existing 103D process allows for a Best and Final (BAFO) phase which is not optimal for this effort for two primary reasons: 1) It does not allow for only two vendors to comprise the priority-listed vendors, and 2) it does not allow for direct negotiations. The BAFO phase will be eliminated and in its place a phase will be included which further narrows the priority-listed vendors from 3 to 2. At this point, the HHSC Evaluation Team will conduct site visits and direct negotiations with the final two vendors. The rationale behind this approach is to provide a more competitive means to HHSC and the State. By going into direct negotiations with the top two vendors, HHSC will utilize leverage not inherent in the BAFO process to realize greater cost savings and obtain the most optimal scope of work for HHSC and the State. The current BAFO process includes at a minimum the top 3 priority-listed offerors, which makes managing negotiations more difficult. In addition, offerors are not required to submit changes during the BAFO process and can let their immediate previous offer be construed as their best and final.

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

See attached flowchart. All of the boxes in black delineate the existing 103D process as it relates to Competitive Sealed Proposals. These are going to be adhered to by HHSC. The three boxes in red highlight where the solicitation will deviate from the 103D process as described in Item 8.

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

To the greatest extent possible, this RFP will be conducted in accordance with 103D. HHSC policies and procedures shall be followed. Internal legal counsel will review and approve the RFP issued and resulting contract. An HHSC Procurement Officer will serve as advisor. The evaluation committee will receive training and guidance from the HHSC procurement officer. The HHSC Board of Directors will approve the award based on the evaluation team's recommendation.

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	
HHSC Board of Directors		<input checked="" type="checkbox"/> Approval	<input type="checkbox"/> Administration
Alice M. Hall	Interim HHSC CEO	<input checked="" type="checkbox"/> Approval	<input type="checkbox"/> Administration
Joe Evanoff	HHSC Director of Contracts & Materials Mgt.	<input type="checkbox"/> Approval	<input checked="" type="checkbox"/> Administration
Kay Richford		<input type="checkbox"/> Approval	<input checked="" type="checkbox"/> Administration
		<input type="checkbox"/> Approval	<input type="checkbox"/> Administration

12. Direct inquiries to: Department: Corporate Contracts
 Contact Name: Katherine E. Richford
 Phone Number: 808.322.6937

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* *1/24/11*
 Department Head (Print: ~~Joe Farnsworth~~) Date

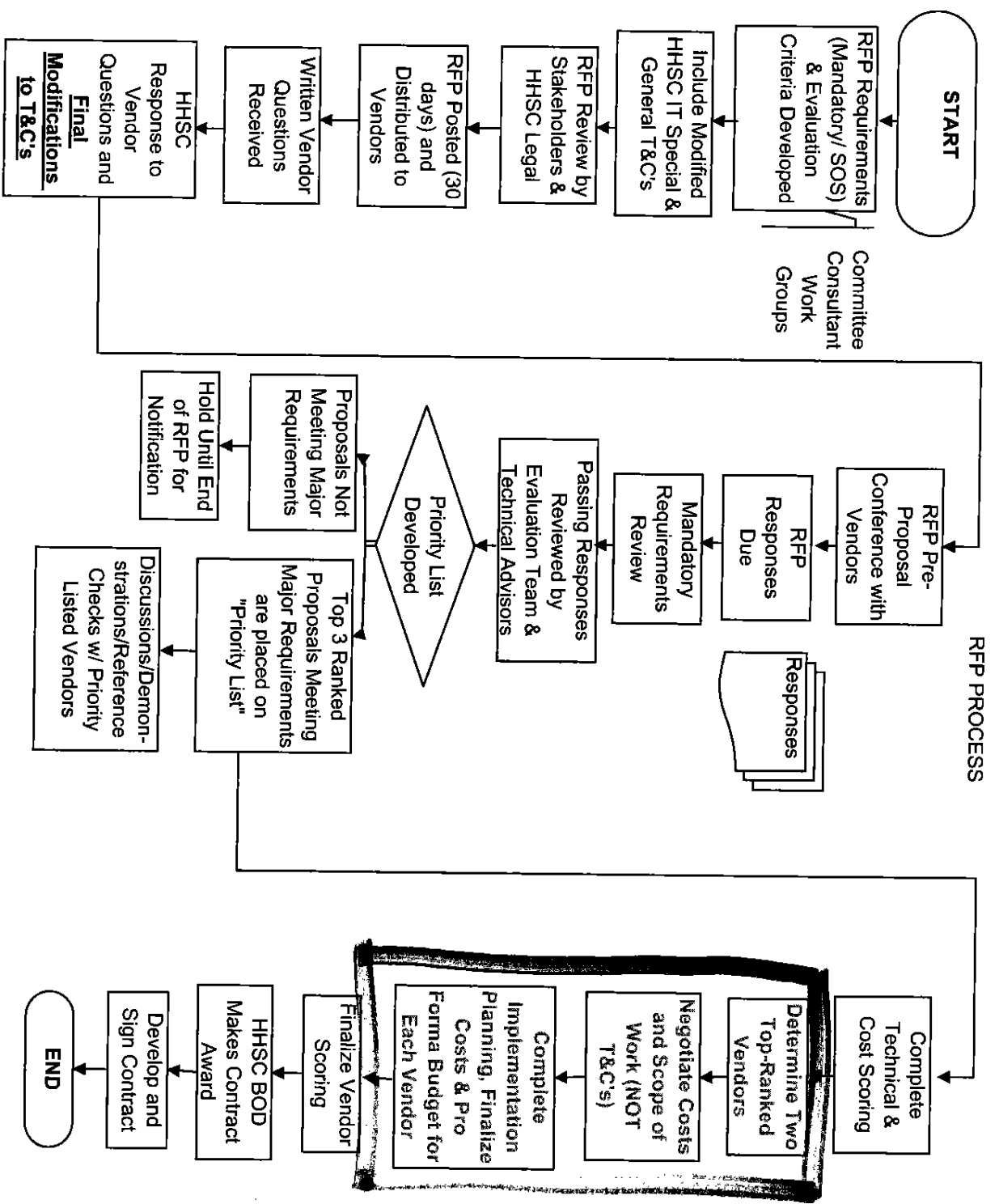
Reserved for CPO/Delegee Use Only

14. Date Notice Posted: *1-24-11*

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: *The complexity of this procurement and the resulting Contract require some flexibility in the process.*

15. APPROVED DISAPPROVED: *Alice Mitchell* *1/31/11*
 NO ACTION REQUIRED HHSC Chief Procurement Officer Date



Indicates steps which are being exempted from 103D by the CPO