

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

EX Number: EX14-007

1. TO: Edward N. Chu - HHSC Chief Procurement Officer

2. FROM: Michael Franklin - Acting HHSC CIO and Jay Kreuzer - CIO Administrator

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: Electronic Medical Record (EMR) Project Management and IT operational Services

4. Name and Address of Vendor: Beacons Partners
97 Libbey Parkway, Suite 310,
Weymouth, Massachusetts 02189

5. Price: \$1,020,000

6. Term of Contract: From: Date of Execution To: One Year Term

7. Prior Exemption Ref. No.
N/A

8. Explanation describing how procurement by competitive means is either not practicable or advantageous to the State:
Beacons Partners has a long established relationship with HHSC EMR project and intimate knowledge of HHSC IT operations and is integral to HHSC's EMR project success, inclusive of IT operations success overall. In 2010, Beacons Partners was selected via competitive means to assist HHSC in conducting a full IT operations assessment of HHSC's facilities IT infrastructure across the entire HHSC system the development of a comprehensive scope of services for HHSC's EMR solicitation. Beacon Partners provided assistance with the technical evaluations, organizing operational staff resources and internal committees and eventual selection of the HHSC EMR provider (Siemens).

After selection of an EMR vendor (Siemens) in July, 2011, Beacons Partners was contracted to provide continued project management assistance in the EMR implementations across all HHSC facilities. The HHSC CIO position was recently vacated and exposed HHSC to additional project failure risks without an IT CIO leading the EMR project overall.

HHSC requires continued assistance to manage all aspects of its EMR implementation to ensure a successful implementation critical to HHSC operations and patient care. Beacons Partners consultants has in-depth operational knowledge and established track record for our EMR project and IT operations, and can continue to provide seamless assistance to HHSC executive management in management of its IT Department, provide critical overall EMR project management and education coordination. The vendor can provide assistance with optimization of the EMR in Kona Community Hospital and Kohala Hospital, assist to roll out the EMR to additional facilities, facilitate knowledge transfer to permanent HHSC employees and transform the HHSC IT Department to support the remaining implementation activities and the systems post EMR live environment.

Based upon the critical point HHSC is engage with the Siemens EMR project, It is neither practical nor advantageous for HHSC to re-bid and to hire a new vendor to provide the required support within the limited time constraints to achieve the EMR meaningful use requirements, nor would it be practical to reestablish and new contractual relationship with another vendor at this critical juncture. As explained above, Beacons Partners has extensive knowledge of HHSC IT operations, and together with the EMR provider, Siemens, has the full breadth of operational understanding of the IT department complexities and ability to most efficiently maneuver through the HHSC EMR implementation process.

9. Details of the process or procedures to be followed in selecting the vendor to ensure maximum fair and open competition as practicable: Direct negotiation and contracting with Beacons, and no formal solicitation will be performed.

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

The exemption request is reviewed by HHSC senior management in accordance with HHSC policies and procedures. The President and CEO of HHSC (or his delegated CPO) approves the exemption requests covering more than once facility and in accordance with internal procurement policies and procedures. HHSC policies and procedures will be followed and periodic reviews of the 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	
Jay Kreuzer	Regional CEO & HHSC CIO Administrator	<input checked="" type="checkbox"/> Approval	<input type="checkbox"/> Administration
Edward N. Chu	HHSC CFO	<input checked="" type="checkbox"/> Approval	<input type="checkbox"/> Administration
Joe Evanoff	Dir. Contracts Management & Material Mgt.	<input type="checkbox"/> Approval	<input checked="" type="checkbox"/> Administration
Andrew Alvarez	Sr. Contract Manager	<input type="checkbox"/> Approval	<input checked="" type="checkbox"/> Administration

12. Direct Inquiries to: Mike Franklin | Phone Number: (281)744-9800 | MFranklin@hhsc.org

13. Agency shall ensure adherence to applicable administrative and statutory requirements
 I certify that the information provided above is, to the best of my knowledge, true and correct.

Jay S. Kreuzer 10/9/13
 Department Head (Print: Jay Kreuzer) Date

14. Date Notice Posted: 10/9/13

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

Edward N. Chu
 HHSC Chief Procurement Officer - Signature

10/15/13
 Date