



STATE PROCUREMENT OFFICE
NOTICE OF REQUEST FOR EXEMPTION 11 AUG 16 A11:44
FROM HRS CHAPTER 103D

STATE PROCUREMENT OFFICE
STATE OF HAWAII

TO: Chief Procurement Officer

FROM: EUTF/Dept. of Budget & Finance
Name of Requesting Department

SUBJECT: Request for Exemption

Pursuant to HRS §103D-102(b)(4) and HAR Chapter 3-120, the Department requests a procurement exemption for the following:

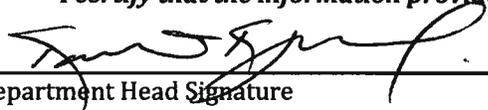
1. Describe the goods, services or construction. Vendor will provide pharmacy benefit management services for EUTF's self-insured prescription drug plans for 39,000 active employees, 9,000 early retirees and 24,000 Medicare retirees enrolled in the EUTF Employer Group Waiver Plan (EGWP). Services include payment of claims through network pharmacy point of sale computer systems, maintenance of a pharmacy network, negotiation of fee discounts from pharmaceutical manufacturers and collection and distribution of pharmacy rebates. The vendor will also provide an EGWP plan which meets all the requirements of CMS (Medicare).	
2. Vendor/Contractor Name : CVS Caremark	3. Amount of Request: \$ 65,085,500
4. Term of Contract: From: 1/1/2012 To: 6/30/2012	5. Prior Exemption Reference No.: n/a
6. Explain in detail, why it is not practicable or not advantageous for the department to procure by competitive means: The EUTF completed an RFP process for pharmacy benefit management services in July 2011 and a proposed contract award was made on July 19, 2011. A protest was received on Aug. 8, 2011. The protest period and any administrative hearing process will likely take several months. The EUTF must prepare for open enrollment (scheduled for Oct. 3, to Oct. 21, 2011), which includes preparing and printing approx. 100,000 Reference Guides for employees and retirees describing the available medical, drug, dental, vision and life insurance plans. Additionally, EUTF must program its computer system to accept new enrollment or enrollment changes received during the open enrollment. Finally retirees enrolled in the EUTF EGWP plan must receive Medicare proscribed plan material by October 15. The EUTF does not have the time to competitively seek a PBM during the protest/administrative hearing process due to the extremely short deadlines ahead. In addition, we have no reason to believe that a second RFP would result in a different result without protest. The EUTF health plans must have fully functional prescription drug plans in place January 1, 2012. This request, if approved, will result in a short-term 6 month contract that is intended to cover the period of time needed to exhaust the protest/appeal period.	
7. In selecting the vendor/contractor, explain in detail, the process the department will utilize to maximize fair and open competition: The EUTF has been engaged in a fair and open RFP procurement competition for 4 months. We are now in the protest/hearing stage. We cannot put the medical coverage of 150,000 people at risk by waiting to see if the protest is resolved in time. By implementing a 6 month contract with CVS Caremark member access to coverage is assured. Also the time pressure on the competitive proposal process is somewhat relieved allowing for full consideration of the protest presented. EUTF believes utilizing CVS Caremark for this 6-month period provides the best value for the State, employees, and retirees in the areas of cost and customer service. Since CVS offers both on island customer service and on island mail order facilities, service in both of these critical member specific areas should improve. In the past the EUTF has received several member complaints about these services provided by the incumbent vendor including a member presentation at a recent EUTF Board meeting. Finally, the EUTF cannot extend the current PBM's contract beyond 12/31/11 since all extensions have been exhausted.	

8. Identify the primary individual(s) who is knowledgeable about this request, who will conduct and manage this process and has completed mandatory training. (Type over "example" and delete cells not used)

Name of Department Personnel	Division/Agency	Phone Number	e-mail address
Barbara Coriell	BUF/EUTF	587-5431	Barbara.F.Coriell@hawaii.gov
Sandra Yahiro	BUF/EUTF	586-1681	Sandra.L.Yahiro@hawaii.gov

9. The department shall ensure adherence to applicable administrative and statutory requirements, and all requirements, approvals, and internal controls for this request are the responsibility of the department.

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



 Department Head Signature

 Date Aug 16 2011

For Chief Procurement Officer Use Only

Date Notice Posted 8/16/11

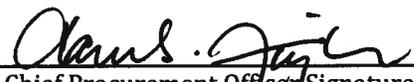
Submit written objections to this notice to issue an exemption from Chapter 103D, HRS, within seven calendar days or as otherwise allowed from date notice posted to:

Chief Procurement Officer
 State Procurement Office P.O.
 Box 119 Honolulu, Hawaii
 96810-0119

10. Chief Procurement Officer (CPO) Comments:

Request is disapproved because it would be inappropriate and circumvent the due process available pursuant to HRS §§103D-701 and -709.

Approved
 Disapproved
 No Action Required



 Chief Procurement Officer Signature

 Date 8/30/2011