



**STATE PROCUREMENT OFFICE
NOTICE OF REQUEST FOR EXEMPTION
FROM HRS CHAPTER 103D**

13 MAY -8 A8:07

STATE PROCUREMENT OFFICE
STATE OF HAWAII

TO: Chief Procurement Officer

FROM: Director of Health
Name of Requesting Department

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:
The Family Health Services Division ("FHSD") contracts with sixteen (16) community-based providers to provide medical (perinatal, pediatric, adult primary care), behavioral health care, dental treatment, and support services to uninsured and underinsured individuals that are at or below two hundred fifty percent of the Federal poverty level. This contract is to provide technical support and maintenance of the electronic billing software (CHCPoint) for comprehensive primary care services. The CHCPoint production website was operational effective January 1, 2011.

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| 2. Vendor/Contractor/Service Provider: | APUSYS, LLC | 3. Amount of Request: |
| | | \$ 25,130.88 |

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| 4. Term of Contract From: 7/1/2013 To: 6/30/2015 | 5. Prior SPO-007, Procurement Exemption (PE): 11-088-K |
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6. Explain in detail, why it is not practicable or not advantageous for the department to procure by competitive means:
Although the software is a Microsoft open-source platform, APUSYS, LLC developed the custom programming for the comprehensive primary care electronic billing system for FHSD. The program contains proprietary coding for data encryption and database management which is owned by APUSYS, LLC. The "ramp-up" time to become familiar with the system and effective in its technical support and maintenance would leave the Division without qualified support for an extended period of time after June 30, 2013, not to mention the costs involved. Further, the proprietary coding for data encryption and database management would make it difficult for other vendors to provide the level of technical support and maintenance that is required without paying a substantial licensing fee. Therefore, it would not be practicable or advantageous for the State to conduct this procurement by competitive means. (The 2nd year cost is negotiable).

7. Explain in detail, the process that will be or was utilized in selecting the vendor/contractor/service provider:
As mentioned above, APUSYS, LLC is the developer of the custom electronic billing software and has propriently coding for data encryption and database management.

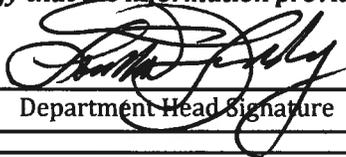
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8. Identify the primary responsible staff person(s) conducting and managing this procurement. (Appropriate delegated procurement authority and completion of mandatory training required).

*Point of contact (Place asterisk after name of person to contact for additional information).

| Name | Division/Agency | Phone Number | e-mail address |
|---------------|---------------------------------|--------------|------------------------------|
| Gordon Takaki | Family Health Services Division | 733-8365 | gordon.takaki@doh.hawaii.gov |
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All requirements/approvals and internal controls for this expenditure is 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

5/7/13

 Date

For Chief Procurement Officer Use Only

Date Notice Posted: 5/13/13

Inquiries about this request shall be directed to the contact named in No. 8. Submit written objection to this notice to issue an exempt contract within seven calendar days or as otherwise allowed from date notice posted to:

state.procurement.office@hawaii.gov

Chief Procurement Officer (CPO) Comments:

This request is disapproved as department failed to comply with the CPO requirements provided in PE-11-088K for posting the award on the Awards Reporting System. Failing to comply with CPO requirements, procurement circulars and directives, the Hawaii Public Procurement Code and its administrative rules are procurement violations. Department shall submit form SPO-016, *Report of Procurement Violation: Findings and Corrective Actions and/or Request for After-the-Face Payment Approval*, to explain why the department failed to post the award as required. In addition, vendor is not compliant with HRS §103D-310(c) and HAR §3-122-112 (i.e. vendor must be compliant on the Hawaii Compliance Express [HCE]).

If there are any questions, please contact Bonnie Kahakui at 587-4702, or bonnie.a.kahakui@hawaii.gov.

Approved

Disapproved

No Action Required



 Chief Procurement Officer Signature

5/13/2013

 Date