



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

14 MAR 12 A9:20

STATE PROCUREMENT OFFICE  
STATE OF HAWAII

TO: Chief Procurement Officer

FROM: Department 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:  
Dental supplies and materials necessary to operate and treat patients at the Developmental Disabilities Division, Hospital & Community Dental Services Branch. There are a total of five (5) clinics.

2. Vendor/Contractor/Service Provider:	Henry Schein, Inc. (Vendor)	3. Amount of Request: <i>Est.</i> \$ <del>56,000</del> <i>\$7,000</i>
4. Term of Contract From:	<del>3/3/2014</del> <i>3/24/14</i>	To: <del>3/3/2015</del> <i>3/23/15</i>
5. Prior SPO-007, Procurement Exemption (PE): N/A		

6. Explain in detail, why it is not practicable or not advantageous for the department to procure by competitive means:  
Please refer to "Attachment 1".

7. Explain in detail, the process that will be or was utilized in selecting the vendor/contractor/service provider:  
There are currently 3 full service dental vendors in Hawaii. Overall, Henry Schein Inc. has consistently had the lowest prices for dental supplies and materials in the most recent years. In addition, Henry Schein has special government rates for its government clients and charges no G.E.T. taxes on orders. For these reasons stated above, the process that will be utilized to chose the vendor is based soley upon the overall lowest prices.

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
*Andrew Tseu	DDD/HCDSB	832-5710	andrew.tseu@doh.hawaii.gov

*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.*

*Wanda Brown MPA*

Department Head Signature

*3-11-2014*

Date

**For Chief Procurement Officer Use Only**

Date Notice Posted:

*3/12/14*

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](mailto:state.procurement.office@hawaii.gov)

Chief Procurement Officer (CPO) Comments:

Approval is granted for the period 3/24/14 to 3/23/15 and is for the solicitation process only, HRS section 103D-310(c) and HAR section 3-122-112, shall apply (i.e. vendor is required to be compliant on the Hawaii Compliance Express) and award is required to be posted on the Awards Reporting System.

If there are any questions, please contact Kevin Takaesu at 586-0568, or [kevin.s.takaesu@hawaii.gov](mailto:kevin.s.takaesu@hawaii.gov).

Approved

Disapproved

No Action Required

*[Signature]*

Chief Procurement Officer Signature

*5/20/15*

Date

**“Attachment 1”**  
**DDD, HCDSB Procurement Exemption Request – SPO 007 Form**  
**02/19/14**

The Hospital & Community Dental Services Branch (HCDSB) operates and treats patients in five (5) dental clinics throughout Oahu. The HCDSB serves the most vulnerable populations in our community: 1) individuals with intellectual and developmental disabilities, 2) individuals with mental health needs, 3) individuals with physical disabilities, and 4) the frail elderly. The dental clinics are staffed by a total of five (5) dentists and five (5) dental assistants, and equipped with a total of nine (9) operator chairs. In the last fiscal year (2013), the HCDSB treated over 1400 patients.

Under the existing “small purchase” procurement rules, it is not practical for the HCDSB to procure dental supplies/materials by competitive means. In order for the HCDSB to identify, order, purchase, and secure dental supplies/materials in a timely manner is a major undertaking with or without the challenges and restrictions of the procurement rules.

Annually, the HCDSB orders and purchases approximately \$45K to 50K in dental supplies/materials. The HCDSB has been advised by its Department’s Administrative Services Office that the only permitted method to purchase dental supplies/materials via “small purchase” is through the older HEPS, and currently through HiEPRO.

This is based upon the fact that the total of the multiple purchases of the same, like or related dental supplies/materials exceeds the small purchase threshold for the past 12 month period. The total dental supply/material orders and purchases exceed \$15k but is less than \$100k, for the past 12 month period. For the HCDSB to comply with the “small purchase” procurement rules, it limits purchasing dental supplies/materials via the current HiEPRO system, two (2) or three (3) times in a 12 month period. This is a major barrier to operating five (5) dental clinics for the following reasons.

The standard industry practice for purchasing dental supplies/materials for dental offices/clinics is to order as needed. In general, dental offices/clinics order dental supplies/materials as frequently as every two (2) weeks, if not more. The primary reason for ordering dental supplies/materials on a frequent basis directly correlates to the vast number of dental supply/materials required to operate offices/clinics and treat patients. Throughout a 12 month period, it is not uncommon for a dental office/clinic to order up to or exceed 200 different types of dental supply/materials to operate as needed.

Approximately 60% of dental supplies/materials used in the HCDSB clinics such as infection control supplies, x-rays, select impression materials, select medicaments, and select restorative materials are estimated (difficult to be accurate) for a 12 month period and can be ordered once a year. However, estimates for the remaining 40% of annual dental supplies/materials used in the HCDSB clinics are impossible to accurately project.

Purchasing dental supplies/materials is dependent upon the specific procedure types and frequency of dental treatment provided to patients throughout the year. The reason for ordering dental supplies on a weekly/monthly basis directly correlates to the vast number of required dental supplies to operate clinics and treat patients. Many identical types of dental supplies/materials such as grades, thicknesses, shades, sizes, and shapes have numerous variations. For example, composite materials used for restorations come in different shades of color and types (enamel, dentin, and body), while root canal filling materials come in various thicknesses and lengths. Expiration dates are on many supplies and materials that limit the quantities ordered over a period of time.

It is impossible to accurately predict all the specific supplies and quantities needed to operate a clinic over an extended time, such as several months, let alone 12 months. The challenges and issues outlined above exponentially increases when you factor ordering dental supplies/materials for five (5) clinics versus a typical one office/clinic practice.

Since the HCDSB is required to comply with the procurement rules, it cannot violate the small purchase rules such as parceling by ordering dental supplies (total orders will be greater than \$15k in a 12 month period) on a monthly or bimonthly basis without posting on HiEPRO. Posting solicitations on HiEPRO is very slow process that will not address dental supplies we need immediately or in the near future.

PE14060K