



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

14 JUL 21 P2:15

ADMINISTRATION
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:
The Family Health Services Division contracts with thirteen (13) federally qualified health centers ("FQHCs") for the provision of comprehensive primary care services to uninsured/underinsured individuals whose incomes are at or below 250% of the federal poverty level. This request is to provide on-site compliance audits of clinical record documentation and medical service billings for the thirteen FQHCs. The audit is being conducted in accordance with the provisions of Section 3-149-401 (Contract Monitoring) of the Hawaii Administrative Rules for Chapter 103F, HRS.

2. Vendor/Contractor/Service Provider:	Healthcare Coding Consultants of Hawaii, LLC	3. Amount of Request:	
		\$ 33,077.85	
4. Term of Contract From:	1-Sep-14	To:	30-Jun-15
		5. Prior SPO-007, Procurement Exemption (PE):	

6. Explain in detail, why it is not practicable or not advantageous for the department to procure by competitive means:
Although there are a few medical coding companies in Hawaii, these companies typically provide services to clients (e.g. physicians, hospitals) related to third party reimbursement only. Most medical coding companies employ coders who are trained to follow Current Procedural Terminology ("CPT") and International Classification of Diseases ("ICD") diagnosis coding guidelines for third party reimbursement. They typically review medical codings for clients on standardized claim forms such as the UB-04 (hospital) or the CMS-1500 (outpatient), perspective (prior to submission), or retrospectively (after-the-fact), in order to reconcile medical coding errors. In addition to providing the aforementioned services, Healthcare Coding Consultants of Hawaii, LLC ("HCCH") is unique in that it is the only medical coding company located in Hawaii, to our knowledge, that provides on-site compliance audits of government contracted medical services. This includes on-site compliance audits of clinical record documentation and retrospective audits of medical service billings that are specific to the scope of services of each contract. HCCH has a medical professional on staff, as well as ten (10) certified professional coders, of which three (3) are nationally certified medical review auditors.

7. Explain in detail, the process that will be or was utilized in selecting the vendor/contractor/service provider:
As noted in Item 6, Healthcare Coding Consultants of Hawaii, LLC is the only medical coding company located in Hawaii, to our knowledge, that has the experience and expertise of providing on-site compliance audits of government contracted medical services. We have contacted three other medical coding companies in Honolulu and all three firms have indicated that they do not perform on-site compliance audits of government contracted medical services. It would not be advantageous for the State to procure these services with medical coding companies from the mainland since airfare and accommodation expenses would add substantially to the cost of services.

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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/Dept. of Health	733-8365	gordon.takaki@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.*



 Department Head Signature

JUL 18 2014

 Date

For Chief Procurement Officer Use Only

Date Notice Posted: 7/31/14

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:

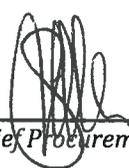
state.procurement.office@hawaii.gov

Chief Procurement Officer (CPO) Comments:

This request is **disapproved** as vendor is not compliant with HRS section 103D-310(c) and HAR section 3-122-112 (i.e. vendor is required to be compliant on the Hawaii Compliance Express [HCE]) and it also lacks sufficient justification for an exemption. Department may use the appropriate method of procurement (i.e. Small Purchase on HiePRO) to expeditiously procure the goods or services needed, while affording other potential vendors the opportunity to compete.

If there are any questions, please contact Kevin Takaesu at 586-0568, or kevin.s.takaesu@hawaii.gov

Approved Disapproved No Action Required



 Chief Procurement Officer Signature

9/8/14

 Date