



RECEIVED BY
STATE PROCUREMENT OFFICE
12/01/2015

STATE PROCUREMENT OFFICE
**NOTICE OF REQUEST TO AMEND AN EXEMPTION
FROM HRS CHAPTER 103D CONTRACT**

TO: Chief Procurement Officer
FROM: Human Services
Name of Requesting Department

Pursuant to HRS §103D-102(b)(4) and HAR section 3-120-5(d), the Department requests to amend an exempt contract as follows:

- | |
|--|
| 1. SPO-007, Exemption Reference (PE) Number: PE16-001K |
| 2. Vendor/Contractor/Service Provider Name: Health Management Associates |

3. Describe the goods and/or services:
See Attachment 1: Approved Request for Exemption No. PE16-001K; and Attachment 2.

4. Explain in detail what is being amended:
See Attachment 2.

5. Amended contract price for this request: \$ \$157,250.00

6. Explain in detail why the amendment(s) are necessary:
See Attachment 2.

7. 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	Email address
Dona Jean Watanabe	MQD/DHS	692-7973	DWatanabe@medicaid.dhs.state.hi.us
Judy Mohr Peterson*	MQD/DHS	692-8050	JMohrPeterson@medicaid.dhs.state.hi.us

All requirements/approvals and internal controls for this expenditure is the responsibility of the department. I certify that the information provided is to the best of my knowledge, true and correct.



Department Head Signature

12/1/15

Date

For Chief Procurement Officer Use Only

Date Notice Posted: 12/2/2015

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:

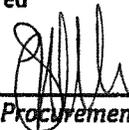
The department has determined that additional support of a project management organization is needed for the successful implementation of the transition plan to operationalize the mandatory outreach, market place assistors and contract/call center activities and the PMO support is critical for the accelerated winding down of the HHC to ensure compliance with the federal regulations and ensure as smooth a complete transition as feasible. In addition the PMO support is needed to provide training to DHS staff to perform the functions previously performed by the HHC.

This approval is contingent upon the vendor being compliant with HRS §103D-310(c) and HAR §3-122-112. The department shall verify compliance (i.e., vendors are required to provide proof of compliance and may use the Hawaii Compliance Express (HCE)) and awards are required to be posted on the Awards Reporting System.

The department is also reminded that individual(s) participating in procurement activities are required to be in compliance with Procurement Delegation No. 2010-01 and Amendment 1, and Procurement Circular No. 2010-05, Statewide Procurement Training, as appropriate. The SPO does not have a record of written delegation on file for Judy Mohr Peterson or a record of attendance at the appropriate mandatory procurement training.

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

12/22/15

Date



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

RECEIVED BY
STATE PROCUREMENT OFFICE
07/13/2015

TO: Chief Procurement Officer

FROM: Governor's Office
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 and/or services:
See Attachment 1.

2. Vendor/Contractor/Service Provider:	Health Management Association	3. Amount of Request:	\$ 440,483
4. Term of Contract From:	27-Jul-15	To:	28-Feb-16
		5. Prior SPO-007, Procurement Exemption (PE): None	

6. Explain in detail, why it is not practicable or not advantageous for the department to procure by competitive means:
See Attachment 2.

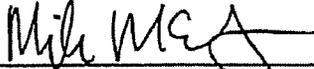
7. Explain in detail, the process that will be or was utilized in selecting the vendor/contractor/service provider:
The Department seeks an exemption from procurement requirements to contract with the Health Management Association. The Department intends to negotiate a fixed price contract based deliverables, as this represents the lowest risk to the State.

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
Laurel Johnston	Governor's Office	586-0034	Laurel.A.Johnston@hawaii.gov
Linda C. Takayama	DLIR Director	586-8850	Linda.C.Takayama@hawaii.gov
Rachael S. Wong	DHS Director	586-4996	rswong@dhs.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

7-10-15

Date

For Chief Procurement Officer Use Only

07/13/2015

Date Notice Posted: _____

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:

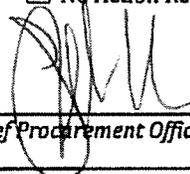
The department has determined that a project management organization shall be acquired to oversee the transition of all Hawaii health care functions to designated State agencies to ensure successful completion of the transition of the Hawaii Health Connector to a Supported State Based Marketplace (SSBM) by the beginning of the 2016 open enrollment, therefore, it is not advantageous to conduct a competitive procurement at this time.

Approval is granted for the period 7/27/2015 to 2/28/2016 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 provide proof of compliance and may use the Hawaii Compliance Express) and the award is required to be posted on the Awards Reporting System. Copies of the compliance and the award posting are required to be documented in the procurement/contract file.

Approved

Disapproved

No Action Required



Chief Procurement Officer Signature

7/17/15

Date

ATTACHMENT 1

Project Management Office: Transition of Hawaii Health Connector Functions to State of Hawaii

SSBM - Supported state based Market place

Scope of Services

- *Project planning, oversight and monitoring to ensure successful completion of the transition of the Hawaii Health Connector to a SSBM, consistent with federal requirements, by the beginning of 2016 open enrollment, November 1, 2015. This will include chartering the project, establishing the work plan, vendor oversight, coordination between multiple state agencies, liaison with the Centers for Medicare and Medicaid Services (CMS) and its Center for Consumer Information and Insurance Oversight (CCIIO), daily and weekly project huddles, and regular meetings with the Project Steering Committee to ensure accountability for project goals and timelines.*
- *Ongoing strategic and technical guidance on the transition of the Hawaii Connector to a SSBM, including key provisions such as delegation of exchange authorities to the state, transfer of state functions, the exchange cost allocation plan, onboarding of current Qualified Health Plans (QHP) to the federally facilitated marketplace (FFM), effective transition of current enrollees, and recommendations for a state-based SHOP given Hawaii's unique position with the Prepaid Healthcare Act.*
- *Participation in CMS and CCIIO calls to review proposals and negotiate requirements, timelines and provisions of the SSBM.*

Deliverables

Pursuant to the Scope of Services discussed above, we are seeking the following deliverables:

Table 1: Deliverables

	Deliverable	Description	Date
1.	Environmental scan Deliverable: Site visit, semi-structured key informant interviews.	This will include Vendor staff meetings with representatives from the Governor's office, Hawaii Connector, Department of Human Services (DHS), MedQuest Division (Medicaid), Department of Commerce and Consumer Affairs (DCCA), Department of Labor and Industrial Relations (DLIR), and legislative oversight committee members as appropriate. Stakeholder identification for developing outreach	2 week site visit within 2 weeks of contract execution.

		plan. Vendor staff will meet with Transition Steering Committee during this visit as well.	
2.	Project charter	To include clear statement of scope and sub-project/workstream charters as well.	By end of 1 st site visit
3.	Roles and Responsibilities	Vendor will work with the Transition Steering Committee to document roles, responsibilities and lines of accountability for Vendor staff and Hawaii staff on this project.	By end of 1 st site visit
4.	Project Kick-Off meeting	To confirm a shared vision of project definition and scope, define and refine roles/responsibilities, timeline, etc.	End of 2 nd week of 1 st site visit
5.	Project work plan and timeline;	To include a further definition of agreed upon deliverables. Collaborate with state staff and technical vendors to refine and finalize detailed project schedule.	Within 1 week after completion of 1 st site visit
6.	Project communication plan	This will represent the agreement about how the project team will communicate important information during the project (e.g., status meetings, issues, design/document reviews, etc.)	Within 1 week after completion of 1 st site visit

7.	Consumer outreach and transition plan	This will include a detailed outreach plan for current enrollees,	Within two weeks after completion of first site visit.
8.	Participation in daily conference call "huddles" on project status	This will include reports to project leadership from each work stream: what was accomplished the day before, what is to be done today, what barriers can leadership assist with?	Daily.
9.	Participation in weekly technical/document review meetings.	Vendor staff will participate via telephone/webinar during weeks when not on site.	Weekly.
10.	Monthly site visits by Project Lead, Exchange lead and, if needed, Consumer outreach lead	Monthly site visits will include Steering Committee meetings, Project team leads, meeting with State's technical vendors and IV&V vendors to monitor progress against plan.	Monthly (August through December)
11.	Participation in CMS, CCIIO leadership/senior staff calls	Participate in weekly joint calls with CMS/CCIIO/senior and project staff.	Weekly
12.	Transition Plan/Project Closing	Status summary of Exchange functions Go Forward Issues/Project close out	Draft: Jan 1 Final: Jan. 15

State Responsibility

The State and/or the Hawaii Connector Executive Director and Board of Directors will maintain responsibility for ongoing Connector/Exchange operations, as agreed between the State and the Connector, including all 2015 eligibility and enrollment activities, SHOP operations and Medicaid operations. Further, the State will ensure that the State's technical consultants on this project have a project decisions framework and maintain plans for risk management, issue management, change control, document management, resource allocation, and quality management as well as project status and stakeholder communications plans for the technical projects.

The State will provide infrastructure and staffing for the project management activities related to the Hawaii Connector Transition Project, including:

- Project managers (QHP and Medicaid transition);
- Architect/technical leads (to interface with the State's technical consultants);
- Staff to support executing, monitoring and controlling the project including: track project status, action items and change requests; maintain decision and issue logs, maintain submissions to CALT, develop meeting agendas and take meeting notes;
- Business leads for QHP transition to include leads for:
 - Plan Management and Oversight,
 - Consumer Outreach and Education,
 - 2015 APTC processing, and
 - Others as identified in work plan development
- Business leads for transfer of Connector functions to state
- Business leads for Medicaid transition and integration include leads for:
 - Testing;
 - Business process mapping;
 - FFM interface;
 - Consumer outreach and education;
 - Reporting; and
 - Other tasks as identified in work plan development

Schedule & Term of Agreement

2016 Open Enrollment in the individual market for HealthCare.gov opens November 1, 2015 and closes January 31, 2016. The proposed schedule for the transfer to the state of other Connector functions is variable, but most, if not all are scheduled for completion no later than October 1, 2015.

The schedule for this project is established to encompass those dates so that Vendor can be available if needed until the end of the open enrollment period.

This Agreement will begin on July 27, 2015 and shall continue in effect until February 28, 2016 unless terminated earlier.

Project Fees

We are expecting that this proposed scope of work will be contracted based on a firm fixed price of \$440,483, inclusive of travel. We expect, based on past experiences of Oregon, that the consultant/vendor will propose to bill on the basis of professional hourly rates of \$390 for managing principals and \$370 for principals.

ATTACHMENT 2

6) **Explain in detail, why it is not practicable or not advantageous for the department to procure by competitive means:**

The State of Hawaii (SOH or Hawaii) considered the following factors when determining that a new procurement would not be practicable nor advantageous to the department:

- A. Cost and time for preparing, soliciting and evaluating competitive bids given the federally-imposed deadline of November 2015;
- B. Competition in the marketplace; and
- C. Financial risk to the state for not complying with CMS Medicaid regulations.

These factors are discussed in greater detail below:

A. Cost and time for preparing, soliciting and evaluating competitive bids given federally imposed deadlines

The U.S. Department of Health and Human Services (DHHS), Center for Medicaid Services (CMS), has mandated the SOH to provide a single point of contact (project management office) by July 10, 2015 to oversee the transition of relevant Hawaii Health Connector (HHC) functions to the Hawaii Department of Labor, Hawaii Department of Human Services and Hawaii Department of Commerce and Consumer Affairs. SOH has identified Laurel A. Johnston, Governor's Deputy Chief of Staff, as a project management organization (PMO) and single point of contact until the State can hire a PMO to oversee the transition of HHC functions to the designated State agencies.

SOH does not have the capacity and expertise to oversee the transition of health exchange functions. SOH has received approvals from the State Procurement Office to enter into three exempt contracts to build the IT functions (KPMG); to provide technical assistance to SOH relating to the Account Transfer functions (Deloitte); and for independent verification and validation of the IT build (Public Consulting Group).

SOH is proposing to enter into an exempt contract with HMA to act as the PMO and single point of contact to oversee the transition of all HHC functions to the designated State agencies. SOH does not have the luxury of time to enter into a competitive procurement for this service. SOH must have the PMO in place no later than July 31, 2015, to accomplish the following:

- *Project planning, oversight and monitoring* to ensure successful completion of the transition of the Hawaii Health Connector to a SSBM, consistent with federal requirements, by the beginning of 2016 open enrollment, November 1, 2015. This will include chartering the project, establishing the work plan, vendor oversight, coordination between multiple state agencies, liaison with the Centers for Medicare and Medicaid Services (CMS) and its Center for Consumer Information and Insurance Oversight (CCIIO), daily and weekly project

huddles, and regular meetings with the Project Steering Committee to ensure accountability for project goals and timelines.

- *Ongoing strategic and technical guidance* on the transition of the Hawaii Connector to a SSBM, including key provisions such as delegation of exchange authorities to the state, transfer of state functions, the exchange cost allocation plan, onboarding of current Qualified Health Plans (QHP) to the federally facilitated marketplace (FFM), effective transition of current enrollees, and recommendations for a state-based SHOP given Hawaii's unique position with the Prepaid Healthcare Act.
- *Participation in CMS and CCIO calls* to review proposals and negotiate requirements, timelines and provisions of the SSBM.

B. Competition in the marketplace

HMA is a consulting firm specializing in the fields of health system restructuring, health care program development, health economics and finance, program evaluation, and data analysis. HMA is widely regarded as a leader in providing technical and analytical services to health care purchasers, payers, and providers, with a special concentration on those who address the needs of the medically indigent and underserved. Founded in 1985, Health Management Associates has offices in Atlanta, Georgia; Austin, Texas; Boston, Massachusetts; Chicago, Illinois; Columbus, Ohio; Denver, Colorado; Harrisburg, Pennsylvania; Indianapolis, Indiana; Lansing, Michigan; New York, New York; the Pacific Northwest; Sacramento, San Francisco, and Southern California; Tallahassee, Florida; and Washington, DC.

HMA has clients across the country, including the major safety net health systems, private sector providers, health plans, and local, state, and federal governments. The firm has extensive experience and expertise in the design and implementation of health programs, particularly with respect to system development, managed care, long-term care, and behavioral health care.

There are not many companies with experience of transitioning a state to a SSBM. HMA staff have extensive experience in establishing and operating health insurance exchanges as well as specific experience in leading the successful transition of Oregon's health insurance exchange from a state-based exchange to a Supported State-Based Exchange (SSBM). HMA staff also have an extensive knowledge of Medicaid policy and information and technology systems. Therefore we are requesting the approval of our request to contract with HMA for the services identified in Attachment 1.

C. Financial Risk to the state for not complying with CMS Medicaid regulations

The SOH/DHS is the State Medicaid Agency and, as such, is required to remain compliant with federal Medicaid regulations. Failure to comply with Medicaid regulations, including the transition to the SSBM, potentially puts all federal Medicaid funding at risk. As the State Medicaid Agency, DHS is required to coordinate the Medicaid and CHIP programs with the exchange. The requirements are found at 42 CFR 435 Subpart M-Coordination of Eligibility and Enrollment Between Medicaid, CHIP,

Exchanges and Other Insurance Affordability Programs. Failure to comply with any part of the Medicaid program could lead to the withholding of federal matching funds. The penalties are found in 42 CFR 430.35 Withholding of payment for failure to comply with Federal requirements. At risk is over \$1 billion in benefits to over 330,000 beneficiaries and enhanced federal match for systems work which currently covers 90% for development costs and 75% for maintenance and operations. Finally, if the Medicaid program fails to be compliant, the SOH/DHS may not be able to draw down any enhanced finding for systems development and implementation for other programs such as TANF, SNAP, LIHEAP, etc.

Attachment 2

Request to Amend Exemption Number PE16-001K

4. Explain in Detail what is being amended:

The Department of Human Services (DHS) is requesting to amend the Exemption (from HRS Chapter 103D) Number PE16-001K, approved by the State's Chief Procurement Officer on July 7, 2015. The purpose of PE16-001K was to allow DHS to hire a project management office (PMO) on behalf of DLIR, DCCA, OIMT and the Hawaii Health Connector (HHC) to oversee the transition of all functions to the designated State agencies and to increase the chances of successful completion of the transition to a State Based Marketplace utilizing the federal platform (SBM-FP) and 2016 open enrollment (November 1, 2015).

DHS, with PMO's expertise and support, successfully transitioned to the SBM-FP prior to the beginning of the 2016 open enrollment. DHS is proposing to amend the existing contract to add additional hours for ongoing PMO support until June 30, 2016 to accomplish the following:

Open enrollment (through February 28, 2016)	
Ongoing monitoring of outreach and contact/call center activities through 2/28/16, including weekly calls with MQD administrator	84 hours
Facilitate Joint Enrollment and Operations Committee (JEOC)/Premium Assistance Program (PAP) meetings through January 31, 2016	7 hours
Facilitate and lead CMS calls, advocating for and developing policy options for PAP	4 hours
PMO site visit in January (2 people)	90 hours
Communications support	56 hours
Project management	7 hours
Post-Open Enrollment (February 1 through June 30, 2016)	
PMO site visit in February or March 2106 site visit (debrief with Outreach staff (Kokua), contact/call center staff, health insurance issuers, planning for 2017 Open Enrollment—1 person)	45 hours
Scope of work for MAO/Navigator and Call Center RFP	5 hours
Develop outreach plan and monitor and support outreach program implementation from March 1 through June 30, 2016.	48 hours
Calls with Med-QUEST, CMS	12 hours
Develop marketing plan for 2017 open enrollment	40 hours
Preparation and filing of IRS Reporting Form 1095A	125 hours
Total Labor	498 hours
Budget (Labor)	\$147,080
Travel (Hotel)	\$7,150

	Travel (Airfare)	\$3,020
	Total	\$157,250

Number 6: Why the amendment(s) is/are necessary?

The amendments are necessary for the following reasons:

1. HMA, current PMO, has the expertise in transitioning states to an SBM-FP and has successfully transitioned Hawaii to an SBM-FP. It will not be advantageous for the State to bring in a new vendor for the ongoing support of its SBM-FP operations.
2. Hawaii needs continued PMO support to sustain the successful implementation of the transition plan to operationalize the mandatory outreach, marketplace assistors and contact/call center activities. The continued PMO support is particularly critical because of the accelerated winding down of the HHC and need for DHS to take over these functions earlier than anticipated.
3. Hawaii needs ongoing support of the PMO to monitor the operational activities to ensure compliance with the federal regulations and ensure as smooth a complete transition as feasible.
4. DHS needs ongoing PMO support to provide training to the new DHS staff to perform the functions previously performed by the HHC. DHS does not have in-house resources to train staff to perform the SBM-FP related functions.