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# STATE PROCUREMENT OFFICE
# NOTICE OF AND REQUEST FOR EXEMPTION FROM CHAPTER 103D, HRS

1. TO: Chief Procurement Officer

2. FROM: BUF-EUTF

Department/Division/Agency

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

3. Description of goods, services or construction:

Administration of an Employee Diabetes Management Program, including provision of educational materials to participating EUTF employee-beneficiaries and dependent-beneficiaries, employee-beneficiary and dependent-beneficiary counseling by trained pharmacists, compilation and reporting of program data, program evaluation, and other necessary administrative functions of the program. See attached summary for details of the Employee Diabetes Management Program.

| 4. Name of Vendor: Hawaii Business Health Council (HBHC)<br>Address: 3814 Pukalani Place<br>Honolulu, Hawaii 96816 | 5. Price:<br>$0.00 |
|---|---|
| 6.<br>Term of Contract: From: August 1, 2006 To: June 30, 2007 | 7. Prior Exemption Ref. No. |

8. Explanation describing how procurement by competitive means is either not practicable nor advantageous to the State:
From a programmatic perspective, the proposed HBHC program is unique. First, HBHC is the only vendor that offers a structured diabetes management program in the State of Hawaii that includes employee counseling by pharmacists enrolled and trained specifically for such a program. Other vendors such as Kaiser and HMSA offer diabetes management programs, but they do not utilize pharmacy based counseling. Second, to our knowledge, HBHC is the only vendor that charges no fees or costs for administration of its diabetes management program. HBHC is able to do this because it has a grant that pays for its costs of administration. See attached summary for additional information regarding how the HBHC program is unique.

9. Details of the process or procedures to be followed in selecting the vendor to ensure maximum fair and open competition as practicable:
EUTF handles all unsolicited inquiries regarding initiatives in a similar manner. The Administrator reviews the initiative to determine applicability to EUTF. Vendors offering benefit plans are referred to the RFP process utilized by the EUTF to obtain competitive proposals. Generally, the EUTF Board does not entertain proposals for "endorsement" or voluntary programs, and vendors are so informed as applicable. Other initiatives are referred to the EUTF benefit consultant and Deputy Attorney General for review. For a promising initiative, the EUTF consults as appropriate with benefit plan carriers, employers, State departments (B&F, DHRD), and others to determine feasibility of the initiative. The EUTF Board is kept informed as this process unfolds. If the initiative appears worthy of implementation, a proposal is presented to the EUTF Board for approval. The sponsors of the initiative may request time to address the EUTF Board on the initiative.
For the HBHC diabetes management program, the EUTF staff has reported on the program and HBHC has made a presentation at EUTF Board meetings that are open to the public. The EUTF has contacted existing vendors (Kaiser and HMSA) and determined that they have no objection to EUTF participation in the HBHC program and view the program as complementary to their own disease management programs. The EUTF benefit consultant has endorsed the program and reported to the EUTF Board that the program offers a unique, cutting edge approach that is not available except at other sites where the program is being implemented. Since the program is unique, the term "competition" does not really apply. However, the EUTF is approaching consideration of the program in a fair and open manner, through contacts with stakeholders and reporting and consideration at open meetings of the EUTF Board.

## REQUEST FOR EXEMPTION FROM CHAPTER 103D, HRS (Cont.)

10. A description of the agency's internal controls and approval requirements for the exempted procurement:
A full proposal will be presented to the Board of Trustees for consideration and approval. If approved, the EUTF Administrator and assigned Deputy Attorney General will finalize an agreement with HBHC. It is not clear at this time whether the "agreement" will be a contract, "memorandum of understanding", or some other type of document since the HBHC will not be receiving a fee for administration of the program.

12. A list of agency personnel, by position, who will be involved in the approval process and administration of the contract:

| Name | Position | Involvement in Process | |
|---|---|---|---|
| Jim Williams | Administrator | ☐ Approval | X Administration |
| Lawrence Nishihara | Assistant Administrator | ☐ Approval | X Administration |
| Donna Tonaki | Financial Management Officer | ☐ Approval | X Administration |
| Kathleen Shiroma | Information Systems Analyst | ☐ Approval | X Administration |
| Maria Quartero | Administrative Secretary | ☐ Approval | X Administration |
| (See Attached) | Board of Trustees | X Approval | ☐ Administration |

13. Direct inquiries to:
Department: EUTF
Contact Name: Jim Williams
Phone Number: 808-587-5431
Fax Number: 808-586-2320

Agency shall ensure adherence to applicable administrative and statutory requirements

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

Margaret Kawamura
Department Head — Date

**Reserved for SPO Use Only**

15. Date Notice Posted 7/8/06

The Chief Procurement Officer is in the process of reviewing this request for exemption from Chapter 103D, HRS. Submit written objections to this notice to issue an exemption from Chapter 103D, HRS, within seven calendar days or as otherwise allowed from the above posted date to:
Chief Procurement Officer
State Procurement Office
P.O. Box 119
Honolulu, Hawaii 96810-0119

Chief Procurement Officer's comments: This approavl is based on the EUTF's representation that this is the only known no cost program that includes a unique pharmacy based counseling and that an evaluation shall be done to determine positive benefits to participants and costs savings to the EUTF for continued participation. This approval is for the solicitation process only, section 103D-310(c), HRS, and section 3-122-112, HAR, shall apply.

16. ☒ **APPROVED** ☐ **DISAPPROVED**

Chief Procurement Officer — Date 7/17/06