



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

1. TO: Chief Procurement Officer
2. FROM: Department of the Attorney General

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:

See Scope of Services attached hereto as Exhibit A.

4. Name of Vendor: Covington & Burling
Address: 1201 Pennsylvania Ave NW
Washington, DC 20004-2401

5. Price: \$750,000 (\$375,000 State,
\$375,000 Federal)

Funding Agency is DHS

6. Term of Contract: *Upon CPO Approval*
From: *October 1, 2006* To: upon completion

7. Prior Exemption Ref. No.
04-56-M; PV Log No. 07-04-J

8. Explanation describing how procurement by competitive means is either not practicable nor advantageous to the State:

Charles Miller of Covington & Burling is well-established among Medicaid programs nationwide as an expert in the area of Medicaid program structure, compliance, and federal revenue maximization. That combined with his extensive experience working with the State of Hawaii since the 1980's, including key assistance with the development of the original QUEST waiver, support the selection of Mr. Miller and his firm to provide the contracted services on behalf of the Department of the Attorney General. (Note: Although Medicaid is a federal program, each State's program is uniquely structured within general parameters established by federal law. Therefore, familiarity with Hawaii's program is a very important factor when looking at a potential contractor's qualifications.)

The history of Covington & Burling's long-standing contractual relationship with the state is contained in the Report of Findings and Corrective Action and/or Request for After-the-Fact Payment Approval, PV Log No. 07-04-J, which was submitted by the Department of the Attorney General on July 21, 2006. Under the current contract dated March 1, 2006, Covington & Burling has been integrally involved in the development of the Request for Proposals for QUEST managed care services. This did not simply document existing services, but represents an expansion and refinement of the QUEST managed care program, which required substantial changes to the RFP. This process is quite complicated due in part to DHS' desire to increase competition, focus on quality, and strengthen and increase over-all accountability on the part of the health plans. Covington & Burling has informed the DHS of the anticipated cost for its services relating to these changes to the RFP, which includes assistance with the evaluation process, outreach, enrollment, readiness reviews, and contract development.

It would not be practicable nor advantageous to the State to procure these services by competitive means. There is no other firm that is as familiar with the substantive law and Hawaii's Medicaid program as Covington & Burling, and engaging a new firm at this stage of a live, complex procurement would be detrimental. Proposals are currently being evaluated with contract award expected on October 23, 2006, and implementation of services to commence on or about February 1, 2007. The DHS has been extending the current QUEST health plan contracts since July 1, 2006 in anticipation of the new

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

QUEST contracts under this procurement.

9. Details of the process or procedures to be followed in selecting the vendor to ensure maximum fair and open competition as practicable:

See section 8, above.

10. A description of the agency's internal controls and approval requirements for the exempted procurement:

The Department of the Attorney General normally follows standard procedures for hiring special deputies pursuant to the Attorney General's authority under HRS 28-8. Prospective special deputies are those that respond to the Attorney General's request for statements of interest in providing legal services to the State. Generally, three to five names from the list of interested attorneys will be submitted for consideration by a hiring committee designated for that purpose.

However, this is an unusual situation involving retention of an expert firm of national stature with a very high degree of familiarity with the complex legal issues and the details of how Hawaii's Medicaid program is structured. Therefore, use of the normal hiring committee process would not be fruitful.

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	
Mark J. Bennett	Attorney General	<input checked="" type="checkbox"/> Approval	<input type="checkbox"/> Administration
Heidi M. Rian	Supervising Deputy Attorney General	<input type="checkbox"/> Approval	<input checked="" type="checkbox"/> Administration
Lee-Ann N.M. Brewer	Deputy Attorney General	<input type="checkbox"/> Approval	<input checked="" type="checkbox"/> Administration
Lillian B. Koller, Esq.	Director, Dept. of Human Services	<input type="checkbox"/> Approval	<input checked="" type="checkbox"/> Administration
(Currently vacant)	Finance Officer, DHS/MQD	<input type="checkbox"/> Approval	<input checked="" type="checkbox"/> Administration
Wes Mun	Acting Administrator, DHS/MQD	<input type="checkbox"/> Approval	<input checked="" type="checkbox"/> Administration

13. Direct inquiries to:

Department: Dept. of the Attorney General
 Contact Name: Lee-Ann N.M. Brewer, Deputy Attorney General
 Phone Number: 586-3983
 Fax Number: 586-1372

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.*

[Signature]
 Department Head

10/6/06
 Date

Reserved for SPO Use Only

11. P.E. No. 07-030-J

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

15 .Date Notice Posted 10/06/06

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:

Please see attached memo.

16.

APPROVED DISAPPROVED

NAR
Alan S. Fugh
Chief Procurement Officer

10/13/06
Date

11. P.E. No. 07-030-J

SCOPE OF SERVICES

Legal and consulting services concerning implementation of the 1115 demonstration waiver for managed health care program reform and expansion for the State of Hawaii, Department of Human Services (“DHS”), including, as requested, the following services relating to the procurement of QUEST Managed Care Plans to Cover Medicaid and Other Eligible Individuals Who Are Not Aged, Blind, or Disabled, Request for Proposal RFP-MQD-2007-002 (“the RFP”):

1. Legal and consulting services relating to the drafting and issuance of the RFP.
2. Developing an evaluation guide and tool for the technical evaluation, including training materials, and providing technical assistance throughout this phase.
3. Facilitate the evaluation of the proposals in response to the RFP in Hawaii, including coordination with Med-QUEST personnel, subject matter experts, Attorney General’s Office and the procurement office.
4. Assist Med-QUEST personnel with a gap analysis and training plan to assist the division in developing a project management structure for outreach and education planning, open enrollment, readiness, and an Operations Plan with a phased-in training schedule to assist Med-QUEST in managing and monitoring the health plans throughout the term of the contract once the contracts are awarded. Development of a Project Implementation Plan with defined project tasks and discrete action items to guide project implementation and an Operation Plan. Assist with development of revised management strategies to meet operational challenges.
5. Assist Med-QUEST Division with developing answers to questions submitted by bidders in response to the Business Section of the RFP.
6. Assist with drafting necessary amendments to the RFP.
7. Train Med-QUEST personnel to conduct readiness reviews of the health care plans. Coordinate training and conduct two (2) training sessions with Readiness Teams, which will include several Table Top exercises to simulate on-site readiness scenarios and training material development. If requested, provide on-site assistance in conducting readiness reviews, developing corrective action plans if the plans need to do remedial work in order to handle delivery of services pursuant to the contract, and finalization of Readiness Review documents to support the health plans’ abilities to deliver services to enrollees.
8. Prepare an Outreach Plan on Positive Enrollment which requires the development of education/briefing materials for targeted audiences, i.e. advocacy groups, enrollees, legislators, etc.

9. Assist Med-QUEST in negotiating with health plans and preparing any contract amendments necessary after negotiation.
10. Provide strategic advice, consultation, project management and technical assistance on issues and policy decision as needed.
11. Provide outreach/operational plan for the uninsured adult coverage expansion as outlined in Hawaii's 1115 waiver. Work with CMS and the State in securing approval of the plan.
12. Sharing all legal analyses with the Deputy Attorney General assigned to this contract and inclusion of the Deputy Attorney General in decision meetings and review of documents as appropriate.

LINDA LINGLE
GOVERNOR



PROCUREMENT POLICY BOARD
LESLIE S. CHINEN
DARYLE ANN HO
GORDON K. T. ING
GREGORY L. KING
RUSS K. SAITO
RICHARD G. TOTTEN

AARON S. FUJIOKA
ADMINISTRATOR

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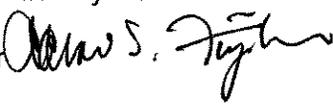
SPO 07-0091

October 13, 2006

MEMORANDUM

TO: The Honorable Mark J. Bennett
Attorney General

ATTENTION: Lee-Ann N.M. Brewer, Deputy Attorney General

FROM: Aaron S. Fujioka, Administrator 

SUBJECT: Request for Exemption from Chapter 103D for
Legal and Consultant Services Relating to 1115 Waivers for
Quest and Quest Plus Programs.
Reference No. PE-07-030-J and
Reference No. PV 07-04-J

The subject exemption request (Reference No. PE-07-030-J) is returned with no action taken by the State Procurement Office.

Upon review of your request and in discussion with your staff, the request is for additional services currently provided under contract with the vendor. This current contract, dated March 1, 2006, was previously approved under a procurement violation (Reference No. PV 07-04-J).

In order to expedite your request, approval is granted for an amendment to PV-07-004-J, based upon your justification on submittal PE 07-030-J. A copy of this memo and procurement exemption request will be filed with Procurement Violation No. PV-07-004-J as an amendment.

Should you have any questions, please call me at 587-4700, or your staff may contact Justin Fo at 586-0577.