



06 DEC -4 P 2:23

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

1. TO: Chief Procurement Officer
2. FROM: Hawaii Employer-Union Health Benefits Trust Fund

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 the EUTF's 2007 open enrollment for health and life insurance benefits plans, including: (a) developing and implementing an overall program to communicate open enrollment information to State and County employees and retirees; (b) assistance in drafting and finalizing open enrollment written materials and forms for State and County employees and retirees; (c) assisting EUTF staff to develop and install open enrollment information and forms on the EUTF web site; (d) planning and administering open enrollment meetings around the State with State and County employees and retirees, including making oral presentations and answering questions; (e) training EUTF and DPR staff on the new EUTF plans and how to handle open enrollment issues and questions; and (f) providing ongoing advice regarding problems and issues that arise during the open enrollment.

4. Name of Vendor: Garner Consulting
Address: 35 N. Lake Avenue, Suite 720
Pasadena, CA 91101

5. Price:
\$150,000

6. Term of Contract: From: 12/15/06 To: 6/30/07

7. Prior Exemption Ref. No.

8. Explanation describing how procurement by competitive means is either not practicable nor advantageous to the State: The EUTF is currently procuring new health and life insurance plans for State and County employees, retirees, and their dependents. The new plans will go into effect on July 1, 2007. State and County employees and retirees will choose which plans to enroll in between April 15, 2007 and May 15, 2007 (the "2007 open enrollment"). Due to the number and types of new plans under consideration, it is anticipated that the 2007 open enrollment will be much more complicated and will require much more work than usual, e.g., State and County employees and retirees will have more questions and concerns about the new plans; more information and explanation will be required regarding the new plans, who is eligible for certain of the new plans, and what are the differences between the various plans; and more training will be required for EUTF and DPR staff on the new plans. (Continued on attachment)

9. Details of the process or procedures to be followed in selecting the vendor to ensure maximum fair and open competition as practicable:
The EUTF administrator with the assistance of the department of the attorney general will negotiate the terms and conditions of an amended contract with Garner Consulting. The EUTF board of trustees will oversee the negotiations and will have final approval of the terms and conditions of any amendment to the current contract. The EUTF will comply with Executive Memorandum (E.M.) No. 06-04, "FY 07 Budget Execution Policies and Instructions" in securing appropriate approvals.

10. A description of the agency's internal controls and approval requirements for the exempted procurement:
See #9 above.

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

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
James Williams	Administrator	<input type="checkbox"/> Approval <input checked="" type="checkbox"/> Administration
Lawrence Nishihara	Assistant Administrator	<input type="checkbox"/> Approval <input checked="" type="checkbox"/> Administration
Donna Tonaki	Financial Management Officer	<input type="checkbox"/> Approval <input checked="" type="checkbox"/> Administration
Kathleen Shiroma	Information Systems Analyst	<input type="checkbox"/> Approval <input checked="" type="checkbox"/> Administration
Brian Aburano	Deputy Attorney General	<input checked="" type="checkbox"/> Approval <input type="checkbox"/> Administration
See Attachment	Board of Trustees	<input checked="" type="checkbox"/> Approval <input type="checkbox"/> Administration

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

Haymuel Kawananui

 Department Head Date

Reserved for SPO Use Only	
15. Date Notice Posted	<u>12/06/06</u>
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: <p align="center"> Chief Procurement Officer State Procurement Office P.O. Box 119 Honolulu, Hawaii 96810-0119 </p>	
Chief Procurement Officer's comments: <p align="center"> This approval is for the solicitation process only, HRS section 103D-310(c) and HAR section 3-122-112, shall apply. </p>	

16. APPROVED DISAPPROVED NO ACTION REQUIRED

Clarence S. Fyfe 12/13/06
 Chief Procurement Officer Date

Attachment to SPO7

SPO-07, Item 8 continued

Since final selection of the new plans is not expected until November 29, 2006 (at the earliest), there will be a very limited amount of time to plan for and implement the 2007 open enrollment, i.e., securing locations and developing a schedule for 80-120 open enrollment meetings around the State by February 15, 2007, drafting and completing all open enrollment materials and forms by March 1-15, 2007, printing and distributing all open enrollment materials and forms to all State and County employees and retirees by April 3, 2007, training EUTF and DPR staff before open enrollment begins on April 15, 2007, and preparing for and staffing all open enrollment meetings which will commence in April 2007. Due to this limited amount of time, it is not possible to draft, issue, and process a request for proposals for a contractor to plan and administer the 2007 open enrollment.

Due to the limited amount of time, the only company that the EUTF can realistically contract with to administer the 2007 open enrollment is the EUTF's benefits consultant, Garner Consulting. Garner Consulting is highly involved in the procurement of the EUTF's new plans and is, thus, intimately familiar with those plans. Another company would have to spend a lot of time becoming familiar with the new plans before it could even start to plan the 2007 open enrollment. Having been the EUTF's consultant since 2002, Garner Consulting is also intimately familiar with the EUTF's rules and procedures, knows the capabilities of EUTF and DPR staff, and has considerable experience with State requirements and processes. This knowledge is necessary to administer the 2007 open enrollment. It would be practically impossible for any other company to obtain the knowledge that Garner Consulting has in time to plan and carry out the 2007 open enrollment.

Based on the foregoing, procurement by competitive means is neither practicable nor advantageous to the State.

SPO-07, Item 12

Board of Trustees:

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