



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

1. TO: Chief Procurement Officer
2. FROM: Department of Human Services/Med-QUEST Division

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:
Choice counseling services for the positive enrollment of approximately 165,000 QUEST recipients during the months of April through June 2007 into the QUEST medical plans.

4. Name of Vendor: TC Kokua
Address: 1325 South Kihei Rd., Suite 225B, Kihei, HI 95753

5. Price:
\$46,000

6. Term of Contract: From: April 9, 2007 To: June 8, 2007

7. Prior Exemption Ref. No.
07-046-J

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

9. Details of the process or procedures to be followed in selecting the vendor to ensure maximum fair and open competition as practicable:
The Department has obtained quotes from 2 organizations that have expressed interest in assisting the Department to positively enroll 165,000 QUEST recipients into the QUEST medical plans of their choice. TC Kokua was the lowest bid. The contractor's services will only be required for 9 weeks and the time and effort to procure services through a competitive bidding process is not feasible. We will have a detailed scope of services that is clear regarding the expectations MQD has of the contractor and the expectations that the contractor has of MQD. We have obtained quotes from organizations to assure that we are getting a quote that is within fair market value and not too low so that they would not be able to perform the scope of services.

10. A description of the agency's internal controls and approval requirements for the exempted procurement:
This description was discussed with the Department Director, the Acting Director of the Med-QUEST Division and the Budget Supervisor of the Management Service Office. All agreed that this exemption was needed to procure this contract in the allowable time frame. A minimum of three bids were sought. TC Kokua was the lowest bid and is capable of performing the duties of the contract. The MQD supervisor who will oversee the contractors daily performance, reviewed their submittal and had an extensive phone interview to verify that they had the required system and staff capabilities. References were checked.

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
Lillian B. Koller	Director	<input checked="" type="checkbox"/> Approval <input type="checkbox"/> Administration
Leslie Tawata	Acting HCMB Supervisor	<input checked="" type="checkbox"/> Approval <input checked="" type="checkbox"/> Administration
Lori Lei Aponte	Admin.Customer Srv. Branch	<input type="checkbox"/> Approval <input checked="" type="checkbox"/> Administration
		<input type="checkbox"/> Approval <input type="checkbox"/> Administration
		<input type="checkbox"/> Approval <input type="checkbox"/> Administration
		<input type="checkbox"/> Approval <input type="checkbox"/> Administration

13. Direct inquiries to: Department: DHS
 Contact Name: Leslie Tawata
 Phone Number: 692-8083
 Fax Number: 692-8173

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.

Lillian B. Koller

APR 04 2007

Department Head

Date

Reserved for SPO Use Only

15. Date Notice Posted 4/5/07

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 disapproval is based on the DHS-MedQuest Program's representation that the contractor has been providing these services since April 2, 2007 and that the services were not obtained in compliance with HRS Chapter 103D. The procurement of these services is a procurement violation and the DHS shall submit an SPO Form 16.

16. APPROVED DISAPPROVED NO ACTION REQUIRED

Alvin S. Fujer 4/12/07
 Chief Procurement Officer Date

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

The reason for the need for the contractor still exists. The Department will be requiring 165,000 QUEST recipients to select a health plan during the annual plan change period or will be auto-assigned to a health plan on their island of residence through an algorithm.

This requirement for all recipients to select a new plan has not been conducted on this scale since the initial enrollment of 90,000 recipients when QUEST was first implemented. The Department has limited staff to answer the telephones and requires additional coverage from a contractor to answer the overflow calls to the Department's Enrollment Call Center to enter a recipient's choice.

The original approved exemption (P.E. No. 07-046-J) was for the period December to February but the implementation of the QUEST contracts has been extended to July 1, 2007 from January 1, 2007. The actual date for the implementation of the contract has changed two times and thereby making it difficult to procure the services.

The provider is required to have specialized knowledge and system testing and training of staff prior to the start of the contract. While we have been able to receive approval from the federal government for the delay in the plan change period (as it is a federal requirement to allow an annual plan change period at least once a year) we cannot extend it any further. We recently received certification from the actuary firm contracted by the Department for the QUEST plan rates which allows us to extend the current contracts up through June 30, 2007.

The services of the contractor are required to assist the Department in accepting and processing all the choices made by recipients. The federal government audits States to review the autoassignment rates to ensure that States are not just assigning recipients but truly allowing them the opportunity to participate in their health care decisions by choosing their health plan. The contractor is required to ensure the Department is able to accept the choices and enter the choices on a timely basis so that recipients can go into the health plan of their choice.