



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

1. TO: Chief Procurement Officer  
2. FROM: Health/Disease Outbreak Control Division *Harry Barth*

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:  
Support to augment the capacity of clinical laboratories to meet the clinical testing demands of Hawaii during an influenza pandemic. This initiative is intended to enable the development and exercise of an operational plan that will provide adequate coordination and collaboration between clinical laboratory partners and the state laboratory division when needed in an influenza pandemic. During a pandemic, the volume of clinical tests required will quickly surpass the capacity of the State's only public health laboratory. To minimize cost and maximize the ability to efficiently serve the public in a pandemic, service providers participating in this initiative must currently have testing capacity to accommodate at least 20% of Hawaii's population, currently 242,307 according to U.S. Census Bureau April 2000 data. This pilot project will require the participating civilian clinical laboratories to develop and exercise the capacity to test for influenza using nucleic acid amplification tests (NAATs). This initiative will require each laboratory to acquire new, specialized equipment and reagents dedicated to the timely and accurate diagnosis of influenza infection. The pilot project encompasses: procuring the necessary equipment and reagents, training laboratory staff, and demonstrating real-world operational capacity for influenza NAATs by testing a minimum of 500 patients in the 2007-2008 influenza season.

<p>4. Name of Vendor 1: Clinical Laboratories of Hawaii LLP Address: 91-2135 Fort Weaver Road, Suite 300 Ewa Beach, HI 96706</p>	<p>5. Price: \$150,000.00 (lump sum)</p>
<p>Name of Vendor 2: Diagnostic Laboratory Services, Inc. Address: 650 Iwilei Road, Suite 300 Honolulu, HI 96814</p>	<p>\$150,000.00 (lump sum)</p>
<p>Name of Vendor 3: Kaiser <i>Foundation Health Plan Inc. OH</i> <del>Permanent Laboratories</del> Address: 3288 Moanalua Road Honolulu, HI 96819</p>	<p>\$150,000.00 (lump sum)</p>

<p>6. Term of Contract: From: NA To: NA</p>	<p>7. Prior Exemption Ref. No. 0</p>
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8. Explanation describing how procurement by competitive means is either not practicable nor advantageous to the State: Services requested will be part of a pilot project to develop, enhance and exercise capacity of clinical laboratories statewide to test for influenza using NAATs in preparation for a potential pandemic. It is not practicable to procure by competitive means because we need the entire population of the State to have access to rapid, reliable influenza testing during a pandemic. Differing geographic areas, and various provider offices/hospitals are not served by a single clinical laboratory. In order to ensure the entire population would have access to NAAT influenza tests we need to enhance the preparedness of all three major, civilian, clinical laboratory service providers within the State. Without this support appropriate laboratory services will not be available to everyone who needs them in the event of a pandemic. This is a one time request. Once the pilot program has demonstrated the feasibility of performing NAATs in Hawaii's private clinical laboratories for influenza (which can be used for both seasonal and pandemic influenza) this capacity will be maintained in future influenza seasons by routine billing and compensation practices for tests performed on patients evaluated during seasonal epidemic influenza.

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

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

Clinical Laboratories of Hawaii, Diagnostic Laboratory Services, and Kaiser Permanente Laboratories together serve approximately 90% of Hawaii's medical offices and hospitals. Tripler Army Medical Center, a federal facility, services approximately 10% of the State's population who are military associates. Currently, no other civilian laboratories have the capability to meet our project testing requirement of accommodating 20% of Hawaii's population. Therefore, we are requesting procurement exemption to include the three major civilian clinical laboratory service providers in this pilot project. All non-government clinical laboratories will be eligible for the same level of support.

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

Hawaii Department of Health is responsible for preparing the State to respond effectively to public health emergencies. The Disease Outbreak Control Division is responsible for developing strategies and programs to respond to the threat of pandemic influenza. We instituted a Pandemic Influenza Plan Working Group to assist in the development of the State's Pandemic Response Plan. One component of a successful response is ensuring we have adequate testing capacity for the timely and accurate diagnosis of influenza. After gathering appropriate information on current testing capacity at clinical laboratories and the State public health laboratory, working group members and DOCD staff developed a proposal to augment our current testing capacity. This committee agrees that this project is urgent and should include all major non-government providers of clinical laboratory services in order to maximize benefits to the general public.

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	
Dr. Paul V. Effler	State Epidemiologist	<input checked="" type="checkbox"/> Approval	<input checked="" type="checkbox"/> Administration
Dr. Morgan Barrett	Deputy Director of Health	<input checked="" type="checkbox"/> Approval	<input type="checkbox"/> Administration
Kari Rachlin	BTP Fiscal Specialist	<input type="checkbox"/> Approval	<input checked="" type="checkbox"/> Administration
Joe Elm	Epi Specialist V	<input type="checkbox"/> Approval	<input checked="" type="checkbox"/> Administration
Ranjani Rajan	Influenza Surveillance Coordinator	<input type="checkbox"/> Approval	<input checked="" type="checkbox"/> Administration
Bart Aronoff	BTP Branch Chief	<input type="checkbox"/> Approval	<input checked="" type="checkbox"/> Administration

13. Direct inquiries to: Department: Health  
 Contact Name: Kari Rachlin  
 Phone Number: 808-587-6848  
 Fax Number: 808-587-6885

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.*

Department Head 

MAY 22 2007

Date

**Reserved for SPO Use Only**

15. Date Notice Posted 5/30/07

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

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

Chief Procurement Officer's comments:

This request is approved on the DOH's representation that this pilot project for clinical testing is necessary for their preparation of an influenza pandemic. This approval is for the solicitation process only, section 103D, HRS, and section 3-122-112, HAR shall apply.

16.

APPROVED     DISAPPROVED     NO ACTION REQUIRED

Adrian S. Fajen                      6/6/07  
Chief Procurement Officer                      Date