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# STATE OF HAWAII REQUEST FOR EXEMPTION FROM CHAPTER 103D, HRS

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STATE PROCUREMENT OFFICE  
STATE OF HAWAII

TO: Chief Procurement Officer

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:

Description of goods, services, or construction:  
  
Auditing of the Department of Human Services Pharmacy Benefits Management (PBM) contractor, Affiliated Computer Services(ACS), and assistance with supporting and negotiating the reimbursement of funds by ACS, based on past audit findings.

Name of Vendor: Prudent Rx Address: 100 Corporate Pointe, Suite 220 Culver City, CA 90230	Cost: \$300,000.00
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Term of Contract: From: October 1, 2004 To: June 30, 2005	Prior Exemption Ref. No. (if applicable)
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Explanation describing how procurement by competitive means is either not practicable or not advantageous to the State:  
  
See Attached.

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

**Explanation describing how procurement by competitive means is either not practicable or not advantageous to the State:**

During the last RFP process, there were only two bidders for these services, Heritage and Prudent Rx. Auditing of PBM's is a unique service as it not only requires accounting and auditing knowledge and skills, but an expertise in pharmacy benefits management including evaluation of clinical services that were contracted. DHS has not been able to find another contractor with the requisite qualifications, performing this kind of service.

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

The Medical Standards Branch (MSB), has attempted to find additional vendors through internet searches, calls to other states and calls to the federal government, and have not found any additional vendors. The recommendation was made to the Finance Office who would concur with MSB's finding and process the exemption from bidding. The Division administrator would sign off with final approval by the Director.

**The description of the agency's internal controls and approval requirements for the exempted procurement:**

The MSB has made recommendation to carve out part of the existing contract and procure a new contract with PBM auditing services. The Finance Office, who is the lead section in contracting, ensures that other options are not available and determines when the earliest date an RFP can be issued and procurement completed. Final recommendation is made by the Division Administrator, and approval is made by the Director of Human Services.

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

See Attached.

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

Lynn Donovan, Pharmacist	Monitor the Contractor
Brian Pang, Finance Officer	Organize & Process the Contract
Diane Taira, Deputy Attorney General	Review and Approve Contract
Steven Kawada, Assistant Division Admin.	Oversee the Process
Lillian Koller, Director	Sign Contract

Direct questions to:

Brian Pang

Phone Number:

692-7956

This exemption should be considered for list of exemptions attached to Chapter 3-120, HAR: Yes  No

**I CERTIFY THAT THE INFORMATION PROVIDED ABOVE IS, TO THE BEST OF MY KNOWLEDGE, TRUE AND CORRECT.**

*[Signature]* SEP 13 2004  
 Department Head or Designee *M* Date  
 Title (If other than Department Head)

Chief Procurement Officer's Comments:

This exemption is for the solicitation process only, Chapter 103D-310, HRS, shall apply.

Please ensure adherence to applicable administrative requirements.

APPROVED

DISAPPROVED

*Adam P. Fyfe* 9/24/04  
 Chief Procurement Officer Date

cc: Administrator,  
State Procurement Office