

STATE OF HAWAII  
**NOTICE OF AND REQUEST FOR EXEMPTION  
 FROM CHAPTER 103F, HRS**

To: Chief Procurement Officer

From: Department of Health- Child and Adolescent Mental Health Division (CAMHD)  
*Department/Division/Branch or Office*

Pursuant to § 103F-101(a)(4), HRS, and Chapter 3-141, HAR, the Department requests a procurement exemption to purchase the following:

1.	Title and description of health and human service(s):		
	Provider Network for CAMHD Prepaid Inpatient Health Plan for Medicaid members. The health and human services provided are a continuum of Medicaid authorized mental health services provided by, or provided under the supervision of qualified mental health providers including: outpatient services, rehabilitation option according to the State Plan Amendment, and acute psychiatric hospitalization.		
2.	Provider Name and Address:	Medicaid-approved providers	
3.	Total Contract Funds:	\$0	
	Contract Funds per Year (if applicable):	\$0	
4.	Reference number of Previous Request for this Service (if applicable):		
5.	Term of Contract:	Start:	Fee for Service Contract
		End:	

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6. Describe how procurement by competitive means is either not practicable or not advantageous to the State:  
There are three reasons. 1) Health care access for Medicaid patients must be assured. 2) The HAR exempt this situation from the 103F procurement process. 3) Denying access to care for Medicaid patients through qualified Medicaid providers could be subject to sanctions.  
ACCESS TO OUT-OF-NETWORK PROVIDERS MUST BE ASSURED. The CAMHD MOA with DHS requires that: 1) CAMHD must inform our health plan members regarding, "The extent to which, and how, members may obtain benefits from out-of-network providers"; 2) second opinions may need to be provided out-of-network (42 CFR 438.206(b)(3)); and 3) If services are not available in network, access must be provided out-of-network (42 CFR 438.206(b)(4)).

**MEDICAID PROVIDER CONTRACTS EXEMPT FROM 103F PROCUREMENT REQUIREMENTS.**

The HAR 3-~~131~~<sup>141</sup>-503 notes the following.

(b) Certain federally funded contracts for health and human services that are wholly or partly funded from federal sources shall be exempt from chapter 103F, HRS, when: . . .

(2) The contract is to provide health and human services to implement a federal program that

(A) Identifies a target class of beneficiaries;

(B) Defines the requirements for a provider to be qualified to participate in the federal program; and

(C) Has the price of the provided health and human services dictated by federal law.

This administrative regulation applies directly to this situation for the following reasons.

- The services for MedQUEST/Medicaid members who have been enrolled in the CAMHD Behavioral Health Plan through DHS are funded, in portion, by Federal Medicaid dollars. As such, HAR 3-~~131~~<sup>141</sup>-503(b) is met.

- The services are a health services that are medically necessary. As such, the provision of HAR 3-~~131~~<sup>141</sup>-503 (2) is met.

- The target class is youth with a serious emotional or behavioral problems, ages 3 through 20. As such, the provision of HAR 3-~~131~~<sup>141</sup>-503 (2) (A) is met.

- The requested services would only be provided by qualified health care providers who were eligible to provide services through Medicaid. As such, HAR 3-~~131~~<sup>141</sup>-503(2)(B) is met.

- For duly authorized services, the CAMHD would pay the Medicaid rate as published by MedQUEST. As such, the provision of HAR 3-~~131~~<sup>141</sup>-503(2)(C) is met.

Therefore, the requested contracts under this exemption request are exempt from 103F procurement requirements.

DENYING ACCESS TO CARE FOR MEDICAID PATIENTS IS SUBJECT TO SANCTIONS. The MOA with DHS notes that sanctions may be imposed if CAMHD fails substantially to provide medically necessary services that the CAMHD is required to provide, under law or under its contract with the State, to a member's covered under the contract.

Therefore, it is neither practical nor advantageous for the State to limit provider contracts to just the 103 F procurement process

7. Describe the reason for the selection of the provider including a description of how the procedure ensured the maximum fair and open competition practicable:

Providers will be selected based upon patient choice, provider clinical speciality, geographical region of served Medicaid members, and the provider's qualifications to provide services through Medicaid. Competition over the price of services is not applicable in this case since the rates are defined by Medicaid and not negotiable.

8. Describe the state agency's internal controls and approval requirements for the exempted procurement:

The CAMHD Acting Division Chief will provide management oversight of the CAMHD contracting process. The CAMHD Clinical Service Office through its Utilization Management Section will monitor the delivery of indicated services to CAMHD clients. The CAMHD Medical Director and associated Clinical Directors will provide clinical oversight and will review the medical necessity and appropriateness of authorized services.

