



STATE PROCUREMENT OFFICE
NOTICE OF AMENDMENT TO SOLE SOURCE CONTRACT

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STATE PROCUREMENT OFFICE
STATE OF HAWAII

TO: Chief Procurement Officer
FROM: Department of Human Services
Name of Requesting Department

Pursuant to HRS §103D-306 and HAR chapter 3-122, Subchapter 9, the Department requests an amendment to sole source approval as follows:

1. SPO-001, Sole Source Reference (SS) Number: 13-018B
2. Vendor/Contractor/Service Provider Name: Hawaii Health Connector
3. Describe the goods, services, or construction. See Attachment.

4. Request to amend is submitted in order to:
[checked] Revise the scope of services for the contract as follows: See Attachment.
[] Increase contract price by 10% or more:
Original Contract Price: Amended Contract Price:

5. Explain in detail why this/these amendment(s) is/are necessary. See Attachment.

6. Identify the primary responsible staff person(s) conducting and managing this procurement. (Appropriate delegated procurement authority and completion of mandatory training required.)
*Point of contact (Place asterisk after name of person to contact for additional information.)

Table with 4 columns: Name, Division/Agency, Phone Number, E-mail Address. Row 1: Dona Jean Watanabe, DHS/Med-QUEST, (808)692-7973, dwatanabe@medicaid.dhs.state.hi.us

Agency shall ensure adherence to applicable administrative and statutory requirements, including HAR chapter 3-122, Subchapter 15, Cost or Pricing Data, if required.

All requirement/approvals and internal controls for this expenditure is the responsibility of the department. I certify that the information provided is to the best of my knowledge, true and correct.
Department Head Signature: [Signature] Date: 8/29/13

For Chief Procurement Officer Use Only

Date Notice Posted: 8/30/2013

Submit written objection to this notice to issue a sole source contract within seven calendar days or as otherwise allowed from date notice posted to:

state.procurement.office@hawaii.gov

Chief Procurement Officer (CPO) Comments:

Approval is granted for the period 09/01/13 to 12/31/18 based on the State's mandated requirement of the establishment of the Hawaii health insurance exchange known as the Hawaii Health Connector, HRS 435H-2, in response to the federal Affordable Care Act and the department's determination that a multi-term contract would allow DHS to continue an uninterrupted collaboration and interface with the Connector to implement the requirements for an on-line health insurance marketplace. This approval is for the solicitation process only, HRS section 103D-310(c) and HAR section 3-122-112, shall apply (i.e. vendor is required to be compliant on the Hawaii Compliance Express) and award is required to be posted on the Awards Reporting System.

If there are any questions, please contact Bonnie Kahakui at 587-4702, or bonnie.a.kahakui@hawaii.gov.

Approved Disapproved

Bonnie Kahakui 9/6/2013
Chief Procurement Officer Signature Date

Attachment to
Notice of Amendment to Sole Source Contract - SPO Sole Source No. 13-018B

3. Describe the goods, services, or construction.

Initially, the original goods and services to be procured from the Hawaii Health Connector (Connector) were the provision of enrollment functionality for Medicaid recipients, a database of enrollees that may be accessed by DHS personnel and a Call Center that will take DHS overflow calls. This is amended as follows: The Hawaii Health Connector will answer first tier phone calls for the Med-QUEST Division (MQD). Phone calls will include providing general information on how to apply for medical assistance, answering general questions on Medicaid eligibility, collecting information and submitting an application on behalf of applicants, and reporting changes in circumstances to MQD.

4. Request to amend is submitted in order to revise the scope of services as follows:
Amend the term of contract to reflect new dates and request approval for a multi-term contract: From: September 1, 2013 To: ~~August~~ ^{Dec} 31, 2018 *to 9/3/13 (e-mail)*

The term of the contract is being amended because there is no contract executed yet and the parties would not have the benefit of a full contract term. Additionally, the DHS requests approval for a sole source multi-term contract to begin from September 1, 2013 to August 31, 2018 with the Connector pursuant to HAR §3-122-149. A multi-term contract would be in the best interest of the State to allow the DHS to continue an uninterrupted collaboration and interface with the Connector to implement the requirements for an on-line health insurance marketplace mandated by ACA for Hawaii. Under the ACA, each state must establish a single health insurance exchange and in 2011, the Legislature created the Connector as Hawaii's health insurance exchange. DHS, as the state Medicaid agency, and the Connector, as Hawaii's health insurance exchange, are required by federal law to interface with each other to create a seamless system to serve individuals seeking insurance coverage. Sufficient funds to pay for the initial term of the contract are available.

Effective January 1, 2014, the Hawaii Health Connector will answer first tier phone calls for the Med-QUEST Division (MQD). Phone calls will include providing general information on how to apply for medical assistance, answering general questions on Medicaid eligibility, collecting information and submitting an application on behalf of applicants, and reporting changes in circumstances to MQD.

5. Explain in detail why this/these amendments(s) is/are necessary.

The initial contract was not executed because the scope of work has been changing as both MQD and the Connector have been implementing information systems. At the time the Sole Source No. 13-018B was initially approved on November 12, 2012, both DHS and the Connector were in the process of procuring services to develop their own separate computer systems. Each entity contracted with different vendors, and began

development. As each system moved through the system life cycle, it became clear that some changes needed to be made. Initially, DHS was to receive all applications and make eligibility determinations for DHS and the Connector. The Connector later decided that it would make its own determinations. At one time, DHS was to use the Connector for enrollment; however, in order to minimize risk and to ensure the plan selection and enrollment functionality continued for Medicaid recipients, DHS later decided to retain its current process and not use the Connector. Finally, in order to minimize the amount of infrastructure builds between the two systems, DHS decided to allow Connector staff a direct view into DHS' system. The DHS and Connector recently finalized the scope of services between both parties and are currently working out the contract and payment details.

Cost and Pricing Data Exception

Cost or pricing data need not be submitted or certified pursuant to HAR 3-122-124(a)(4) because the U. S. Centers for Medicare and Medicaid Services (CMS) must first approve the cost allocated methodology being applied to establish what the DHS will pay the Connector.