STATE OF HAWAII

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

'07 FEB 27 A9:21

ADMINISTRATION

To: Chief Procurement Officer

From: Department of Human Services - Med-QUEST Division
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): To provide medical and behavioral health services to eligible low-income residents who are covered under the QUEST program. These recipients receive their medical and behavioral health care services through qualified and properly licensed health plans. These health plans were awarded contracts through a competitive procurement process.		
2. Provider Name and Address:		Kaiser Foundation Health Plan, Inc. 711 Kapiolani Boulevard Honolulu, Hawaii 96813
3. Total Contract Funds:		$35,200,000
Contract Funds per Year (if applicable):		
4. Reference number of Previous Request for this Service (if applicable):		PEH NO. 07-20
5. Term of Contract:	Start:	4/1/07
	End:	6/30/07

6. Describe how procurement by competitive means is either not practicable or not advantageous to the State:

Hawaii QUEST managed care health plans currently serve approximately over 165,000 members statewide through three health plans under contracts that will expire on March 31, 2007. DHS needs to extend those contracts to June 30, 2007.

A new Request for Proposal (RFP) was issued on June 17, 2006, contracts were awarded on November 8, 2006, and commencement of services to members were to begin on April 1, 2007. One requirement stated in the RFP was that all 165,000 QUEST recipients will be required to make a health plan selection for the initial enrollment period. If a plan selection is not made, those recipients will be assigned to a health plan by DHS.

It is not practicable or advantageous to the State to reprocure the managed care health services for the period between expiration of the contracts on March 31, 2007, and the anticipated commencement of services under the new contracts on July 1, 2007. Extending the current contracts to June 30, 2007 would be most efficient and cost-effective for the State and maintain continuity of care for the current QUEST population as the Department works with the health plans to ensure the transition of care for the 165,000 recipients.

The award of contracts has resulted in changes in the availability of the same plans on islands along with the addition of a new plan not previously available. To ensure that recipients have the opportunity to select a plan that will fit their needs, understanding that this year they have to select a plan or else they will be assigned to a plan by the Department, and then to ensure that care will continue uninterrupted, the Department would like to extend the current contracts through June 30, 2007. The time allowed for recipients to select a plan during this open enrollment period is 2 months. This compares to the usual 2-weeks during a regular annual open enrollment period.

Since the inception of the QUEST program, which started with 95,000 recipients, there has not been a requirement for ALL recipients to select a plan. The additional time is needed for additional time to make unforeseen system modifications, regular weekly conference calls and weekly face-to-face meetings with the health plans (which has been going on since the RFP award), and allow the plans and the Department to have in place important safeguards to ensure a smooth transition to a new plan that includes continued, uninterrupted access to medications, medical care providers, and treatments such as timely transmission of prior authorization information, primary care provider information, and prescription drug information between plans.

The Department is also conducting extensive readiness reviews of the health plans to ensure that they will indeed be ready to provide services for their assigned members on the first day of contract implementation. This review includes delivery of written policies and procedures for review and approval by the Department, review of each health plan's information system capabilities, and an on-site review of operations.

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:

Currently, the DHS has three health plans servicing the QUEST population. The DHS is concerned about the continuity of care to the QUEST population, therefore all three of the current health plans will be selected to continue service through June 30, 2007 by way of supplements to their current contracts.

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

The DHS Med-QUEST Division Health Coverage Management Branch (HCMB) and the MQD's Finance Office will follow all normal procurement processes. We will monitor the extended contract with the health plans and ensure that all requirements are met.

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9. List the state agency personnel, by position title, who will be involved in the approval process and administration of the contract:
Lillian Koller, Director of the Department of Human Services
Wesley Mun, MQD Acting Administrator
Leslie Tawata, HCMB Acting Administrator
Dona Jean Watanabe, Health Care Contracts & Purch Specialist, Lee-Ann Brewer-Deputy AGI

10. Direct questions to (name & position): Dona Jean Watanabe, H/C Contracts & Purch.Spec.
Phone number: 692-7973
e-mail address: dwatanabe@medicaid.dhs.state.hi.us

I certify that the information provided above is to the best of my knowledge true and correct.

Department Head Signature FEB 26 2007 *Date*

Typed Name

NOTICE

The chief procurement officer is considering this request for exemption and, if there is good cause, the state intends to exempt the purchase as described in the request. Any inquiries regarding the purchase shall be directed to the contact person noted in item 10 of the request. Any concerns regarding the exemption shall be in writing and received by the chief procurement officer within seven days of the date the notice was first posted. Concerns shall be mailed to: Aaron Fujioka, Chief Procurement Officer, State Procurement Office, 1151 Punchbowl St., #230A, Honolulu, HI 96813.

FOR CHIEF PROCUREMENT OFFICER USE ONLY

Chief Procurement Officer's Comments:

☒ **APPROVED** ☐ **DISAPPROVED** ☐ **NO ACTION**

Chief Procurement Officer Signature 3/7/07 *Date*

Please ensure adherence to applicable administrative requirements.

SPO-H 150 (Rev. 9/06)

PEH No. 07-31