

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

12 JUL 24 10:17

To: Chief Procurement Officer

STATE PROCUREMENT OFFICE
 STATE OF HAWAII

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:

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| 1. | Title and description of health and human service(s): | The contractor provides behavioral health services for Medicaid eligible adults who are seriously mentally ill (SMI). Comprehensive behavioral health services up to the benefit limits are provided statewide. Services include hospital services, outpatient services, 24/7 emergency/crisis services, mental health rehabilitation services, behavioral health healthcare specialist services, day treatment, case management, pharmacy services, lab services, substance abuse services, etc. |
| 2. | Provider Name and Address: | APS Healthcare Bethesda, Inc. 8403 Colesville Road, Suite 1600 Silver Spring, MD 20910 |
| 3. | Total Contract Funds: | \$5,735,205 |
| | Contract Funds per Year (if applicable): | \$1,911,735 <i>cyh 7/22/12</i> |
| 4. | Reference number of Previous Request for this Service (if applicable): | PEH No. 12-18, PEH 12-39 <i>cyh 8/2/12</i> |
| 5. | Term of Contract: | Start: 08/01/12 End: 2/28/13 |

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

RFP-MQD-2008-005 was issued on June 30, 2007 to procure competitive sealed proposals to provide Behavioral Health Services for Medicaid Eligible Adults who are Seriously Mentally Ill (SMI). This program is called the Community Care Services (CCS) program. This RFP closed on August 16, 2007 and one proposal was received. Through a prolonged start up period, the new provider began services effective January 1, 2009. This RFP provided a multi-term contract for the initial period up to June 30, 2010 and one additional 12 month period up to June 30, 2011. The MQD has received exemptions previously to extend the contract up to June 30, 2012.

These services are required to provide behavioral health services to Hawaii's population with a diagnosis of serious mental illness of approximately 800 individuals Statewide. Due to the specialty of these services, the current provider network is limited and somewhat fragile. Any interruption of services to this clientele group will cause serious harm to the safety and the treatment of these citizens. Behavioral Health services in the state and nation are severely limited due to shortages of providers. We believe it is in the state's best interest to extend the current contractor for an additional month to ensure the stable provision of services to this highly vulnerable and fragile group of individuals.

The MQD is currently under a one month extension of this contract from July 1, 2012 to July 31, 2012. The MQD posted an Request for Proposals (RFP) for the CCS program on April 25, 2012. The MQD received proposals on June 8, 2012 and awarded the contract on June 29, 2012. The current vendor was not awarded the contract. The contract was awarded to another behavioral health provider, Beacon Health Strategies. On July 6, 2012, the current vendor filed a protest to the contract award. The MQD anticipates that the protest will take approximately two (2) months to resolve completely.

If the protest is resolved in the MQD's favor, then MQD will need approximately six (6) months to meet the responsibilities that the new vendor will need prior to being able to enact the contract. The RFP issued on April 25, 2012 outlines responsibilities that the new vendor will need to fulfill prior to being able to enact the contract. Therefore, the MQD will need to extend the current vendor to no longer than February 28, 2013.

Failure to receive a contract extension would be a health and safety issue for the approximate 800 clients receiving services from this contractor statewide.

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:

The selection of the provider will continue to be the incumbent who is currently providing services to the SMI members. This ensures that there is no break in service or any undue interruption of care for the members. Because a new vendor was awarded the contract, the MQD will need to extend this contract until no longer than February 28, 2013 to allow time for the protest to be resolved and if applicable, the new vendor to perform transition of care and start provision of services.

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

The DHS Med-QUEST Division Health Care Services Branch (HCSB) and the Division's Finance Office (FO) will follow all normal procurement processes. The Department will monitor the extended contract to ensure that all requirements are met.

9. List the state agency personnel, by position title, who will be involved in the approval process and administration of the contract:

Kenneth Fink, Med-QUEST Administrator
Patricia Bazin, Health Care Services Branch Administrator
Dona Jean Watanabe, Health Care Contract Spec, FO

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| 10. Direct questions to (name & position): | Kenneth Fink, MQD Administrator |
| Phone number: | 692-8050 |
| e-mail address: | bpang@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

7/20/12

Date

Patricia McManaman

Typed Name

NOTICE

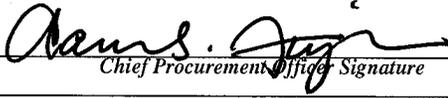
The chief procurement officer is considering this request for exemption and, if there is good cause, the state intends to exempt the purchase as described in the request. Any inquiries regarding the purchase shall be directed to the contact person noted in item 10 of the request. Any concerns regarding 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:

This approval is for the period 08/01/12 to 02/28/13 and for the procurement process only. Service provider(s) are required to be compliant with applicable laws, and verified on the Hawaii Compliance Express. This award is required to be posted on the Awards Reporting System. If there are any questions, please contact Corinne Higa at 587-4706, or corinne.y.higa@hawaii.gov.

APPROVED DISAPPROVED NO ACTION



Chief Procurement Officer Signature

8/3/2012

Date

Please ensure adherence to applicable administrative requirements.