

**EAST HAWAII REGION**  
**NOTICE OF AND REQUEST FOR EXEMPTION**  
**FROM COMPETITON**

**EX 17-0005**

1. TO: Regional Chief Procurement Officer
2. FROM: Gary L. Callahan, Senior Contract Manager

Department/Division/Agency

Pursuant to East Hawaii Region Policy PUR 017, the Department requests a procurement exemption to purchase the following:

<p>3. Description of goods, services or construction:</p> <p>This exemption is intended to cover all Physician services for all East Hawaii Region facilities including administrative, clinical services, on-call and patient care. The contracts will be with individuals, corporations, medical groups, or other legal entities providing physician services. Non-physician services such as recruitment and locum tenens agencies are not to be covered by this exemption, but the resultant arrangements with individuals or physician groups obtained through the use of these agencies are intended to be covered. It is understood that physician call coverage Agreements fall under this Exemption as we have never done a competitive solicitation for call coverage contracts.</p>	
<p>4. Name of Vendor: Various Community Physicians</p> <p>Address: to be determined, based upon interested physicians</p>	<p>5. Price:</p> <p style="text-align: center;">\$ 2,000,000.00</p>
<p>6. Term of Contract: From: 11/01/17 To: 10/31/18</p>	<p>7. Prior Exemption Ref. No.</p> <p style="text-align: center;">13-0006</p>
<p>8. Explanation describing how procurement by competitive means is either not practicable or advantageous to the State:</p> <p>There has been an increase in the need for contracted physicians to provide on-call coverage as well as other physician services described above. Call coverage contract are offered to all physicians who are members of the Region's medical staff and have privileges in the needed speciality. Competition does not exist for these arrangements. In addition to Call services, physicians provide various services to the Region via contract, including clinical, administrative and consulting services. For all physician services there is little competition due primarily to the location of the facilities in rural areas. Previous solicitations using the professional services list method have not yeilded any results. Physicians did not respond and generally do not because they tend to be recruited or contacted by local facilities requesting their services. They are not aware of how these positions had been solicited and do not seek out these opportunities generally. This blanket exemption will be the most efficient method and will save valuable employee time in drafting and processing alternative procurement documents for each contract.</p>	
<p>9. Details of the process or procedures to be followed in selecting the vendor to ensure maximum fair and open competition as practicable:</p> <p>On-call services are offered to all credentialed physicians in most specialities. East Hawaii Region may conduct competitive solicitations where it is feasible and expected to result in beneficial competition as determined by the Contract Manager. East Hawaii Region procurement policies will be followed when practical, and physicians will be notified of openings through EHR's Human Resources office when Medical Directorships are available. A fair market value will be negotiated, analysed and approved through our Compliance Legal Office who specializes in Fair Market Value determination and defense. All physician contracts will be entered into the Region's Physician Arrangement tracking system.</p>	

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

The East Hawaii Regional CEO, CFO, Medical Director, and trained Contract Managers will all be involved in awarding physician contracts. The Contacts Management team works to insure that all Physician Financial Arrangements are compliant with federal, state and local laws and regulations. As the Region is exempt from HRS § 103D, Regional Contract staff strive to ensure our policies remain substantially similar to the State Procurement Code.

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

Name	Position	Involvement in Process	
Dan Brinkman	CEO	<input checked="" type="checkbox"/> Approval	<input type="checkbox"/> Administration
Joni Waltjen	Interim CFO	<input checked="" type="checkbox"/> Approval	<input type="checkbox"/> Administration
Jon Martell, M.D.	Medical Director	<input checked="" type="checkbox"/> Approval	<input type="checkbox"/> Administration
Sam Nelson	Senior Contracts Manager	<input type="checkbox"/> Approval	<input checked="" type="checkbox"/> Administration
Gary L. Callahan	Senior Contracts Manager	<input type="checkbox"/> Approval	<input checked="" type="checkbox"/> Administration

12. Direct inquiries to: Department: Contracts Management  
 Contact Name: Gary L. Callahan, Sr. Contracts Manager  
 Phone Number: (808) 932-3112  
 Fax Number: (808) 933-2793

13. This exemption should be considered for list of exemptions in to Chapter 3-120, HAR: YES  NO   
 Agency shall ensure adherence to applicable administrative and statutory requirements.

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



Department Head

October 17, 2017  
Date

Reserved for RCPO/Designee Use Only

15. Date Notice Posted: 10/17/17

The Head of the Purchasing Agency is in the process of reviewing this request for exemption from East Hawaii Region Procurement Policies. Submit written objections to this notice to issue an exemption from East Hawaii Region Procurement Policies, within seven (7) calendar days or as otherwise allowed from the above posted date to: Regional Chief Procurement Officer

East Hawaii Region  
1190 Waianuenue Ave.  
Hilo, Hawaii 96720

Regional Procurement Officer's comments:

16.  APPROVED  DISAPPROVED

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Regional Chief Procurement Officer Date