



GOV. MSG. NO. 529

EXECUTIVE CHAMBERS
HONOLULU

LINDA LINGLE
GOVERNOR

April 25, 2010

The Honorable Colleen Hanabusa, President
and Members of the Senate
Twenty-Fifth State Legislature
State Capitol, Room 409
Honolulu, Hawaii 96813

Dear Madam President and Members of the Senate:

I am transmitting herewith HB2085 HD1 SD2, without my approval, and with the statement of objections relating to the measure.

HB2085 HD1 SD2

A BILL FOR AN ACT
RELATING TO HEALTH.

Sincerely,


LINDA LINGLE

EXECUTIVE CHAMBERS

HONOLULU

April 25, 2010

STATEMENT OF OBJECTIONS TO HOUSE BILL NO. 2085

Honorable Members
Twenty-Fifth Legislature
State of Hawaii

Pursuant to Section 16 of Article III of the Constitution of the State of Hawaii, I am returning herewith, without my approval, House Bill No. 2085, entitled "A Bill for an Act Relating to Health."

The purpose of this bill is to prohibit a purchasing agency from soliciting proposals for any QUEST contract under chapter 103F, Hawaii Revised Statutes, if the anticipated contract sum exceeds \$100,000,000 and the commencement date of the contract is after the expiration of the term of office of the head of the purchasing agency. The stated purpose of the statutory amendment is to "ensure continuity of care for Hawaii's neediest population and to make certain that Medicaid contracts reflect expectations outlined in national health care reform by establishing restrictions on the issuance of requests for proposals for QUEST contracts."

This bill is objectionable because it does not achieve the stated goal of ensuring continuity of care for Hawaii's Medicaid population and instead will disrupt care for Medicaid clients.

Requests for proposals (RFPs) for the Medicaid managed care programs are extensive, detailed, and complex. QUEST health plans need sufficient time to prepare to deliver a full array of health care services to nearly 200,000 individuals who are currently served in the QUEST program. The Department of Human Services must ensure that there are uninterrupted services to these vulnerable clients.

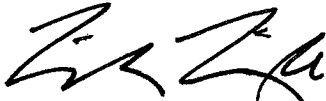
STATEMENT OF OBJECTIONS
HOUSE BILL NO. 2085
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This bill ties the solicitation of bids to the expiration of the term of the head of the purchasing agency. This language would seem to require that all QUEST contracts be scheduled so that they never expire within the last one and one-half to two years of any appointed director's term. This is the length of time needed to allow for the complete procurement of a complex contract, including any delays caused by appeals and challenges to the contract award.

Thus, if a contract cannot be solicited before the end of a director's term, there is a high probability that any existing contract would end before a new one is in place during the next director's term. Such a scenario will require extension of the existing contract beyond its original terms, which circumvents the protections in state procurement laws. Extensions would delay the State's ability to structure a new contract in a way that strengthens its oversight of the health plans, drawing on the experience of the previous contract. Extensions would also delay efforts to improve the contract provisions to ensure better quality health care for Medicaid clients, and maximum efficiency, transparency, and value to Hawaii taxpayers.

For the foregoing reasons, I am returning House Bill No. 2085 without my approval.

Respectfully,



LINDA LINGLE
Governor of Hawaii

VETO

HOUSE OF REPRESENTATIVES
TWENTY-FIFTH LEGISLATURE, 2010
STATE OF HAWAII

H.B. NO. 2085
H.D. 1
S.D. 2

A BILL FOR AN ACT

RELATING TO HEALTH.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. Now that national health care reform
2 legislation has been signed into law, states must be prepared to
3 implement changes to existing federal health care programs.
4 This is especially crucial given the potential for large-scale
5 changes to medicaid plans likely to be initiated through such
6 reform legislation.

7 The purpose of this Act is to ensure continuity of care for
8 Hawaii's neediest population and to make certain that medicaid
9 contracts reflect expectations outlined in national health care
10 reform by establishing restrictions on the issuance of requests
11 for proposals for QUEST contracts.

12 SECTION 2. Section 103F-402, Hawaii Revised Statutes, is
13 amended by amending subsection (a) to read as follows:

14 "(a) State agencies to which the legislature has
15 appropriated funds for the purchase of health and human services
16 shall solicit proposals to provide health and human services by
17 purchase of health and human services contracts, by publishing a
18 notice requesting the submission of health and human service



1 proposals[-]; provided that a purchasing agency shall not
2 solicit proposals for any QUEST contract under this section if
3 the anticipated contract sum exceeds \$100,000,000 and the
4 commencement date of the contract is after the expiration of the
5 term of office of the head of the purchasing agency. Notice of
6 the request for proposals shall be given a reasonable time
7 before the date set forth in the request for submission of
8 proposals. The policy board shall adopt rules which specify:

- 9 (1) The form of the notice;
- 10 (2) What constitutes a reasonable interim between notice
11 and the proposal submission deadline; and
- 12 (3) How the notice is to be published, including [~~but not~~
13 ~~limited to,~~] whether the publication is to be
14 completed in a newspaper of general circulation, by
15 mail, through a public or private telecommunications
16 network, or any other method or combination of methods
17 which the board deems appropriate."

18 SECTION 3. Statutory material to be repealed is bracketed
19 and stricken. New statutory material is underscored.

20 SECTION 4. This Act shall take effect upon approval.

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