

Honolulu, Hawaii

April 6, 2010

RE: H.B. No. 1642
H.D. 1
S.D. 2
C.D. 1

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Fifth State Legislature
Regular Session of 2010
State of Hawaii

Honorable Colleen Hanabusa
President of the Senate
Twenty-Fifth State Legislature
Regular Session of 2010
State of Hawaii

Sir and Madam:

Your Committee on Conference on the disagreeing vote of the House of Representatives to the amendments proposed by the Senate in H.B. No. 1642, H.D. 1, S.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO THE PURCHASES OF HEALTH AND HUMAN SERVICES,"

having met, and after full and free discussion, has agreed to recommend and does recommend to the respective Houses the final passage of this bill in an amended form.

The purpose of this bill is to ensure fair and equitable practices in procurement bid processes by:

- (1) Specifying that proposals for purchases of health and human services must be submitted by duly licensed providers, unless statutes do not require the business to be licensed to provide the service being bid on; and
- (2) Requiring the bid proposal to be all inclusive and not exceed the contract amount to be expended by the State, regardless of the tax status of the applicant.

HB1642 CD1 HCCR HMS 2010-3082



Your Committee on Conference finds that the inequitable treatment of for-profit and not-for-profit companies in the procurement laws, when dealing with requests for proposals for purchases of health and human services, is of great concern. Specifically, the Administration's and Department of Human Services' practice of providing for-profit organizations rebates in the amount of the insurance premium tax of 4.265 percent, resulting in a higher award amount than the companies had bid. This may be seen as providing a waiver of taxes which is a power that belongs solely to the Legislature.

Further, under the State's procurement code, a proposed bid should reflect the total amount to be expended by the State on a contract including all costs, fees, and any taxes that may be due and owing.

Accordingly, your Committee on Conference has amended this bill by:

- (1) Clarifying that a bid proposal should contain all costs, fees, and any taxes that the party submitting the bid proposal may be obligated to pay;
- (2) Prohibiting any award or contract to include any other payment, rebate, or direct or indirect consideration that is not included in the proposal, such as insurance premium or general excise tax rebates to or waivers for an applicant or bidder;
- (3) Making this measure effective upon its approval; and
- (4) Making technical, nonsubstantive changes for clarity, consistency, and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 1642, H.D. 1, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1642, H.D. 1, S.D. 2, C.D. 1.



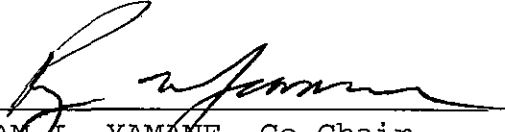
Respectfully submitted on behalf
of the managers:

ON THE PART OF THE SENATE

ON THE PART OF THE HOUSE



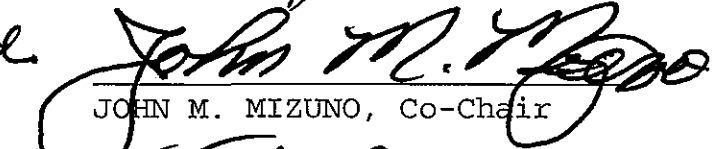
DAVID Y. IGE, Chair




RYAN I. YAMANE, Co-Chair




SUZANNE CHUN OAKLAND, Co-Chair



JOHN M. MIZUNO, Co-Chair



BRIAN T. TANIGUCHI, Co-Chair



SCOTT NISHIMOTO, Co-Chair



Hawaii State Legislature

CCR 1-10

Record of Votes of a
Conference Committee

Bill / Concurrent Resolution No.: HB 1642, HD 1, SD 2	Date/Time: 04/05/2010 / 9:30 a.m.
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The recommendation of the House and Senate managers is to pass with amendments (CD).



The Committee is reconsidering its previous decision.

<input type="checkbox"/> The recommendation of the Senate Manager(s) is to AGREE to the House amendments made to the Senate Measure	<input type="checkbox"/> The recommendation of the House Manager(s) is to AGREE to the Senate amendments made to the House Measure.
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Senate Managers	A	WR	N	E	House Managers	A	WR	N	E
IGE, David Y., Chr.	/				YAMANE, Ryan I., Co-Chr.	/			
CHUN OAKLAND, Suzanne, Co-Chr.	/				MIZUNO, John M., Co-Chr.	/			
TANIGUCHI, Brian T., Co-Chr.	/				NISHIMOTO, Scott Y., Co-Chr.	/			
SLOM, Sam			/		SHIMABUKURO, Maile S.L.	/			
					WARD, Gene		/		
TOTAL	3			1	TOTAL	4	1		

A = Aye WR = Aye with Reservations N = Nay E = Excused

Senate Recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted	House Recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted
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Senate Lead Chair's or Designee's Signature: 	House Lead Chair's or Designee's Signature: 
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