November 18, 2009

Hawaii Department of Health

Response to the Legislative Federal Economic Stimulus Program Oversight Commission

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2. For other program/projects, if ARRA funds, such as competitive grants, were available for a program/project but were not sought or were denied, please briefly describe why the funds were not sought or why they were denied.

As of September 30, 2009, no ARRA grant request submitted by the Department of Health has been denied. No applications are pending, and one more is in development. The department has collaborated on one other large grant with the Department of Labor, who is the lead agency, regarding healthcare workforce development; that application is pending.

With regard to opportunities deliberately missed there were two. The first related to the Telehealth Licensure Portability Special Initiative for which an application was not submitted due to difficulties forming a tri-state coalition and subsequently producing consensus. The department would have been a primary participant, but not necessarily the lead agency. Discussions with the Department of Commerce and Consumer Affairs, the University of Hawaii, and private sector interests concluded that the application could not be prepared in the six week window allowed by the federal Health Resources and Services Administration, and that this award likely targeted those systems with more developed cross-jurisdictional licensing programs. The maximum value of an individual award was $500,000 over two years.

The second program not sought after was State Loan Repayment Program, for which the department would have been the lead agency through its Primary Care Office (PCO). This goal of this program was to provide supplemental funding for the National Health Service Corps' program of medical school loan forgiveness in exchange for residency or practice in underserved areas. While the PCO was the sole agency who could submit an application per grant guidelines, it could not meet the unusually short turn-around time. The grant was announced to the public on July 30, 2009 and due August 15, 2009; the department was also unaware of the grant due to late posting on grants.gov. The range of awards for this grant was from $26,000 to $150,000.

3. Please describe:

a) Any legal/operational barriers/constraints encountered in the award, receipt, encumbrance, or expenditure of funds, including procurement, late/delayed federal guidance, and reporting requirements;

The Department of Health has encountered at last two difficulties with the backend and internal processes relating to procurement and the accounting and encumbrance of funds.

With regard to procurement, the department has been unable to train staff as quickly as preferred on the state procurement system. Several programs that received awards have traditionally not had to engage in direct procurement activities so did not possess the knowledge to do so.

Relating to the second general issue of accounting and encumbrance, some awards were announced within several weeks of ARRA's promulgation, without the benefit of general federal guidance to inform state policies and procedures. As time progressed, federal guidance evolved and experience was shared resulting in early working assumptions being revised and resulting in recent delays to the procurement and contracting process, specifically relating to appropriation and accounting codes.

b) The effect of those barriers/constraints; and

The effect of barriers relating to both procurement and accounting resulted in project implementation delays as internal processes and sub-recipient and vendor contracts were modified.

c) If and how they were mitigated.

The barriers and constraints were not mitigated for those early awards. The department took steps to comply due to the unprecedented expectations for transparency, which pushed back the procurement process by a period of several weeks. Director-level intervention has produced more frequent procurement training.