

STAND. COM. REP. NO.

1082

Honolulu, Hawaii

MAR 19 , 2021

RE: S.B. No. 1036
S.D. 2
H.D. 1

Honorable Scott K. Saiki
Speaker, House of Representatives
Thirty-First State Legislature
Regular Session of 2021
State of Hawaii

Sir:

Your Committee on Government Reform, to which was referred
S.B. No. 1036, S.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO PROCUREMENT,"

begs leave to report as follows:

The purpose of this measure is to:

- (1) Amend the selection process and composition of the Procurement Policy Board;
- (2) Require a procurement agency, rather than a procurement officer, to determine whether the amount of a contracting action is fair and reasonable and require the procurement agency to obtain data necessary to perform a cost or price analysis to determine that the amount of the contracting action is fair and reasonable;
- (3) Repeal certain provisions contained in the fair and reasonable pricing policy statute under the State Procurement Code;
- (4) Amend the circumstances for when treatment services may be purchased and the procedure to purchase certain treatment services;

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- (5) Increase the small purchase threshold for purchases of health and human services from less than \$25,000 to less than \$100,000;
- (6) Repeal the establishment of the Community Council on Purchase of Health and Human Services;
- (7) Establish a State Payor Committee within the Department of Health to establish and adopt a unified baseline framework for performance metrics, evaluation standards, and coordinated reimbursement rates relating to behavioral health, substance abuse, and homelessness services; and
- (8) Require nongovernmental entities that contract for services relating to behavioral health, substance abuse, and homelessness services to disclose, at the request of any state funding agency, the source of other federal, state, or county level funding received for the purposes of performing any behavioral health, substance abuse, or homelessness services.

Your Committee received testimony in support of this measure from the State Procurement Office. Your Committee received comments on this measure from the Governor's Coordinator on Homelessness, Domestic Violence Action Center, Catholic Charities Hawai'i, Hawaii Substance Abuse Coalition, and PHOCUSED.

Your Committee finds that this measure is intended to promote procurement efficiency, program success, and government accountability for health and human services procurement. Your Committee additionally finds that the establishment of a State Payor Committee will formalize the multi-sectoral coordination of purchasing services for behavioral health, substance abuse, and homelessness services and help the State realize its goal of creating a comprehensive, coordinated care system for the provision of these services.

Your Committee has amended this measure by:

- (1) Reverting to the existing statutory language for the fair and reasonable pricing policy under the State Procurement Code;



- (2) Establishing a fair and reasonable pricing policy that requires purchasing agencies to:
 - (A) Make a written determination that the amount of a contracting action for purchases of health and human services is fair and reasonable; and
 - (B) Obtain necessary data to perform a cost or price analysis to determine that the amount of the contracting action is a fair and reasonable price; and
- (3) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Government Reform that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1036, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1036, S.D. 2, H.D. 1, and be referred to your Committee on Consumer Protection & Commerce.

Respectfully submitted on
behalf of the members of the
Committee on Government Reform,



ANGUS L.K. MCKELVEY, Chair



Record of Votes of the Committee on Government Reform

Bill/Resolution No.:	Committee Referral:	Date:		
SB 1036, SD2	GVR, CPC, FIN	3-17-22		
<input type="checkbox"/> The committee is reconsidering its previous decision on the measure.				
The recommendation is to: <input type="checkbox"/> Pass, unamended (as is) <input checked="" type="checkbox"/> Pass, with amendments (HD) <input type="checkbox"/> Hold <input type="checkbox"/> Pass short form bill with HD to recommit for future public hearing (recommit)				
GVR Members	Ayes	Ayes (WR)	Nays	Excused
1. McKELVEY, Angus L.K. (C)	✓			
2. WILDBERGER, Tina (VC)	✓			
3. CULLEN, Ty J.K.	✓			
4. ELI, Stacelynn K.M.				✓
5. ICHIYAMA, Linda				✓
6. MIZUNO, John M.	✓			
7. WOODSON, Justin H.	✓			
8. YAMASHITA, Kyle T.	✓			
9. WARD, Gene		✓		
TOTAL (9)	6	1	0	2
The recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted If joint referral, _____ did not support recommendation. committee acronym(s)				
Vice Chair's or designee's signature: <u>T. Winga</u>				
Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office Duplicate (Pink) – HMSO				