



**STATE OF HAWAII  
STATE PROCUREMENT OFFICE**

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TESTIMONY  
OF  
BONNIE KAHAKUI, ACTING ADMINISTRATOR  
STATE PROCUREMENT OFFICE

TO  
THE SENATE COMMITTEES  
ON  
HEALTH  
AND  
HUMAN SERVICES

MARCH 22, 2021, 1:05 P.M.

HOUSE BILL 882, HD1  
RELATING TO PROCUREMENT

Chair Keohokalole, Chair San Buenaventura, Vice Chair Baker, Vice Chair Ihara, and members of the committees, thank you for the opportunity to submit testimony on HB882, HD1. The State Procurement Office (SPO) **strongly supports** this bill. We appreciate that the House Draft 1 of this bill reflects comments we made in previous testimony.

The SPO wishes to provide background information on the issues of the repeal of the Community Council on Purchase of Health and Human Services (Council) and the composition of the Procurement Policy Board (Board).

Community Council on Purchase of Health and Human Services

The SPO recognizes that various non-profit organizations oppose the abolishment of the Community Council on Purchase of Health and Human Services (Council) and the repeal of section 103F-202, Hawaii Revised Statute (HRS). The SPO respectfully offers an explanation and reason for repealing section 103F-202, HRS.

Chapter 103F, HRS, was enacted in 1997 to implement a procurement code for health and human services. The Community Council, established in 1999 under section 103F-202, HRS, provided input and assistance to the State Procurement Office Administrator to develop the rules, infrastructure, and procedures for procuring health and human services. The Community Council is an advisory body with no voting rights. The Community Council was also valuable in assisting the development of the health and human services procurement conferences, at the time, were held biennially. Now, more than 20 years later, the focus of health and human

service procurements has changed. The procurement rules are well-established, and both providers and purchasing agencies are acclimated to the process.

Unfortunately, the economic downturn after the financial crisis in 2008 caused the cessation of health and human service procurement conferences, and while the economic picture had improved, until very recently, lack of resources has precluded consideration of resuming conferences in the near future.

The last meeting of the Council was held on April 22, 2010. Thereafter, lack of quorum and lack of governor-appointed members prevented further meetings per statutory requirements. With the economic downturn at the time, potential members found that they could not spare the time away from their businesses. In a few cases, potential members served on other boards, thereby prohibiting them from serving on the community council. Furthermore, the Community Council is a select group of governor-appointed providers and may not be representative of the overall health and human service provider community.

Chapter 103F, HRS, Purchases of Health and Human Services, is a single, standardized process for state agencies and providers to procure health and human services. It optimizes information sharing, planning, and service delivery efforts. The SPO believes that State agencies and private providers communicating and working together in a dynamic paradigm can refine and update procedures for planning, procuring, and contracting health and human services to meet today's needs.

#### Procurement Policy Board

The SPO also respectfully offers justification for the change in the composition of the Procurement Policy Board (Board), which currently has two vacant positions representing the Health and Human Services sector. The SPO seeks to promote procurement efficiency by creating a more agile Board by reducing the required number of board members through HB882, HD1.

The Board, which adopts, amends, or repeals administrative rules for HRS chapters 103D and 103F, has increasingly needed more time to promulgate rules. The main reasons for the need of additional time are the challenge of obtaining quorum (pursuant to section 92-15, HRS) and the other challenge of attracting potential qualified candidates for the nomination and confirmation process (pursuant to section 103D-201, HRS). By reducing the number of members on the Board, and thus reducing the required number of candidates for the vacant positions, the ability to obtain quorum and promulgate rules will improve and result in a more responsive and agile board.

The SPO is currently seeking qualified applicants to apply for any of the Board positions, including the vacant Health and Human Services positions. Those interested can visit

- <http://spo.hawaii.gov/spo-news/applications-accepted-for-procurement-policy-board/>
- <https://forms.ehawaii.gov/pages/board-survey/>

Thank you.



## CATHOLIC CHARITIES HAWAII

### COMMENTS FOR HB 882, HD1: RELATING TO PROCUREMENT

TO: Senate Committees on Health and Human Services

FROM: Rob Van Tassell, President and CEO, Catholic Charities Hawai'i

**Hearing: Monday, 3/22/21; 1:05 PM; via videoconference**

Chair Keohokalole, Vice Chair Buenaventuras, and Members, Committees on Health and Human Services:

Thank you for the opportunity to provide **Comments on HB 882, HD1**, which repeals the community council on purchase of health and human services, among other changes to state procurement. I am Rob Van Tassell, with Catholic Charities Hawai'i.

Catholic Charities Hawai'i (CCH) is a tax exempt, non-profit agency that has been providing social services in Hawai'i for over 70 years. CCH has programs serving elders, children, families, homeless, and immigrants. Our mission is to provide services and advocacy for the most vulnerable in Hawai'i. Catholic Charities Hawai'i has a long history of working in the areas of affordable housing and homelessness.

While Catholic Charities Hawai'i opposes the repeal of the Community Council on Purchases of Health and Human Services, if this bill moves forward, we would urge a stronger commitment to work with the networks of health and human service providers on procurement issues, as follows. **We urge that Part 1, Section 1(b)(3) be amended to designate that a representative from either the Hawaii Alliance of Nonprofit organizations (HANO) or PHOCUSED (Protecting Hawaii's Ohana, Children, Under-Served, Elderly & Disabled) sit on the Policy Board to fulfill the requirement that "one member shall have significant experience in the field of health and human services."** This would ensure that service providers have an avenue to share insights and make recommendations regarding procurement. We also urge that this bill include UH performance metrics to improve effectiveness.

The community needs the Policy Board to collaborate with these networks of large and small service providers. Many issues may arise over procurement policies, timeframes, etc. Procurement Administrators need input and especially insights on impacts from the service providers to ensure that there are fewer unintended consequences. Top down decisions without input from the "end users" (the service provider and the vulnerable populations they serve) could result in negative consequences or turmoil in the system.

Non-profit service providers are a huge segment of the Hawai'i economy. We thank you for your consideration of how to improve the procurement process for these much needed services.

Please contact our Legislative Liaison, Betty Lou Larson at (808) 373-0356 or [bettylou.larson@catholiccharitieshawaii.org](mailto:bettylou.larson@catholiccharitieshawaii.org) if you have any questions.





PROTECTING HAWAII'S OHANA, CHILDREN, UNDER SERVED, ELDERLY AND DISABLED

March 22, 2021

TO: Senator Jarrett Keohokalole, Chair  
Senator Rosalyn H. Baker, Vice Chair  
Members of the Senate Committee on Health

Senator Joy A. San Buenaventura, Chair  
Senator Les Ihara, Jr., Vice Chair  
Members of the Senate Committee on Human Services

FROM: Christy MacPherson, Director, PHOCUSED

SUBJECT: Testimony: Relating to Health

Hearing: March 22, 2021 at 1:05 pm  
Via videoconference

Chairs, Vice Chairs, and Members of the Joint Senate Committee on Health and Human Services,

Thank you for the opportunity to provide testimony with **comments** on HB882, HD1.

PHOCUSED is a nonpartisan project of Hawai'i Appleseed Center for Law and Economic Justice and comprises health and human service organizations and the people they serve across the State of Hawai'i. We have been collaborating on advocacy pertaining to critical procurement and service delivery issues that directly impact our providers.

PHOCUSED has the following comments and recommendations:

- A representative from either the Hawai'i Alliance of Nonprofit Organizations (HANO) or Protecting Hawai'i's `Ohana, Children, Under-Served, Elderly & Disabled (PHOCUSED) be on the Policy Board to fulfill the requirement stated in Section 2(b)(3): *“one member shall have significant experience in the field of health and human services.”* This will ensure that Hawai'i's health and human service providers have an avenue for providing regular input and insight into the procurement process.
- Include University of Hawai'i's performance metrics.
  - The UH Psychiatric department's participation in the Policy Board will be advantageous in guiding the process.
  - The University of Hawai'i is skilled in utilizing evidence-based practices.

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PHOCUSED IS A PROJECT OF HAWAII APPLESEED

733 BISHOP STREET, SUITE 1180 • HONOLULU, HI 96813 • (808) 587-7605 • PHOCUSED.ORG

Thank you again for the opportunity to submit testimony on HB882, HD1.



**LATE**

## **HB882 HD1 Procurement Council**

COMMITTEE ON HEALTH,

- Sen Jarrett Keohokalole, Chair; Sen. Rosalyn Baker, Vice Chair

COMMITTEE ON HUMAN SERVICES

- Sen. Joy Buenaventura, Chair; Sen. Les Ihara, Vice Chair

Monday, Mar. 22, 2021: 1:05: Videoconference

## **HSAC Comments HB882 HD1 and makes Recommendations for Amendments:**

*ALOHA CHAIR, VICE CHAIR AND DISTINGUISHED COMMITTEE MEMBERS. My name is Alan Johnson. I am the current chair of the Hawaii Substance Abuse Coalition (HSAC), a statewide organization of over 30 substance use disorder and co-occurring mental health disorder treatment and prevention agencies.*

### **RECOMMENDATIONS**

- 1. Retain the Procurement Council because recent changes at the Department of Health would stimulate attendance to the council to ensure providers and community have a voice.**
- 2. Make a written determination that the amount of a contracting action for purchases of health and human services is fair and reasonable;**
  - **Prioritize the financial security and viability of mental health and addiction treatment providers** that they survive.
  - **Facilitate the implementation of nationally recognized level of care standards** for addiction treatment programs and new standards for recovery residences and improve training for healthcare professionals who care for patients with mental health and substance use disorders in communities across Hawai'i.
  - **Ensure that rates are adequate to build a robust SUD workforce,** which is critical and should be a cornerstone of any state response.
- 3. Perform a cost or price analysis to determine that the amount of the contracting action is a fair and reasonable price;**

4. Amending the selection and composition of the Procurement Policy Board by **reducing the number of members on the board from seven to six** and making associated changes to the number of members who cannot otherwise be full-time government employees, who must be appointed by the Governor, and who serve on the nominating committee;
  
5. **Amending the circumstances for when treatment services may be purchased** and the procedure to purchase treatment services, including allowing for heads of purchasing agencies to publish notice describing the types of treatment services needed, form an initial review committee for each profession, and negotiate contracts;
  
6. **Increasing the small purchase threshold** from less than \$25,000 to less than \$100,000

We appreciate the opportunity to provide testimony and are available for questions.