STAND. COM. REP. NO. **95** -22

Honolulu, Hawaii

, 2022

FEB 10

RE: H.B. No. 2071

H.D. 1

Honorable Scott K. Saiki Speaker, House of Representatives Thirty-First State Legislature Regular Session of 2022 State of Hawaii

Sir:

Your Committee on Government Reform, to which was referred H.B. No. 2071 entitled:

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

begs leave to report as follows:

The purpose of this measure is to:

- (1) Require purchasing agencies to analyze a proposed cost or price and make a written determination that the amount of a contracting action for purchases of health and human services is fair and reasonable;
- (2) Amend the circumstances for when treatment services may be purchased and the procedure to purchase certain treatment services;
- (3) Increase the small purchase threshold for purchases of health and human services from less than \$25,000 to less than \$100,000; and
- (4) Repeal the Community Council on Purchase of Health and Human Services.

Your Committee received testimony in support of this measure from the State Procurement Office. Your Committee received comments on this measure from the Hawai'i Alliance of Nonprofit Organizations.

Your Committee finds that the amendments made in this measure to the State procurement laws relating to purchases of health and human services will promote procurement efficiency, program success, and government accountability.

Your Committee has amended this measure by:

- (1) Deleting provisions which required purchasing agencies to analyze a proposed cost or price and make a written determination that the amount of a contracting action for purchases of health and human services is fair and reasonable;
- (2) Changing its effective date to July 1, 2112, to encourage further discussion; and
- (3) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

Your Committee notes that section 2 of this measure, as introduced, requires a procurement officer to purchase services for health and human services from responsible sources at fair and reasonable prices, and is similar to section 103D-312, Hawaii Revised Statutes, which provides that a procurement officer shall purchase goods, services, and construction from responsible sources at fair and reasonable prices. Should your Committee on Consumer Protection & Commerce deliberate on this measure further, your Committee respectfully requests that it look into the similarities of section 2 of this measure, as introduced, and section 103D-312, Hawaii Revised Statutes, and the issues raised in testimony, that departments already require proposers to provide a full detailed budget for purchases of health and human services.

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 H.B. No. 2071, as amended herein, and recommends that it pass Second

Reading in the form attached hereto as H.B. No. 2071, 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

## State of Hawaii

## House of Representatives The Thirty-first Legislature HSCL 195-22

## **Record of Votes of the Committee on Government Reform**

Bill/Resolution No.: HB 2071	Committee Refe	erral: CPC,	FIN Date	2-9-	22
The committee is reconsidering its previous decision on the measure.					
The recommendation is to:  Pass, unamended (as is)  Pass, with amendments (HD)  Hold  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)		<b>\</b>			
2. WILDBERGER, Tina (VC)		<b>\</b>			
3. ELI, Stacelynn K.M.		7	and the second s		
4. ICHIYAMA, Linda			<u> </u>		
5. MIZUNO, John M.					
6. WOODSON, Justin H.	_				
T WANACHITA IZ L T					
7. YAMASHITA, Kyle T				Paggarangan an	
8 WARD, Gene		7			
TOTAL (8)		7	- Q	8	7
The recommendation is:  Adopted  If joint referral, did not support recommendation.  committee acronym(s)					
Vice Chair's or designee's signature:					
Distribution: Original (White) - Committee Duplicate (Yellow) Chief Clerk's Office Duplicate (Pink) - HMSO					