



## **SB1036 Contracts for Substance Abuse, Mental Health and Homelessness**

COMMITTEE ON JUDICIARY,

- Sen. Karl Rhoads, Chair; Sen. Jarrett Keohokalole, Vice Chair

COMMITTEE ON WAYS AND MEANS:

- Sen. Donovan Dela Cruz, Chair; Sen. Keith-Agaran, Vice Chair
- Wednesday, Mar. 3, 2021: 9:45: Videoconference

### **HSAC Provides Comments for SB1036 With Recommendations:**

*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.*

**HSAC understands that payment reform for substance abuse, mental health and homelessness is an exceedingly complex struggle. We highly recommend that more work is needed with this bill.**

To help guide the State to remain focused on quality-of-care issues following evidenced-based practices and not succumb the allure of less costly, yet substandard services, HSAC offers guiding recommendations to stay the course for providing effective treatment during this unprecedented time of high anxiety, social isolation, and disruption to our healthcare system.

### **Recommendations and Concerns:**

- 1. Clarify the composition and duties of the Payor Committee.**
- 2. Clarify that purchase of service contracts for behavioral health or substance abuse shall be reported to, rather than reviewed and approved by, the State Payor Committee.**
- 3. More time to have a thoughtful discussion needing input from providers and referrals sources** because service objectives for rates and outcomes are complicated for something of this magnitude that has long term-impacts to community services.
- 4. Recommend that evidenced best practices be kept.** Treatment for Substance use disorder is residential and outpatient. Other wrap around services are very valuable, but should not replace treatment. Let's keep what works rather than do what doesn't work well just to save money.

5. **Explain how the payment reform committee is staffed and who do they make recommendations to?**
  - a. The Senate version has the Payment Reform committee as a subcommittee of the Procurement Council and that the Payment Reform Committee makes recommendations to the Procurement Council for deliberation.
6. **Recommend that UH Psychiatric department with ASAM affiliations be part of payment reform committee.** UH is well aware of evidenced based practices and would help to guide the committee.
7. **Give more time for providers to provide all the required information** about finances, outcomes, and rates of all their government contracts. July 1<sup>st</sup>, 2020 is too soon. The Senate version requires only for providers to identify government contracts by July 1<sup>st</sup>, 2020 with other information at a later time as requested.
8. **We need to keep the public option for DOH paying for uninsured in place.** Stopping funding for the uninsured will be very expensive, even in this year as they will flood the emergency rooms or access crisis beds.
  - a. SAMHSA, the Federal agency funding Hawaii's treatment is primarily for residential and outpatient for the uninsured. The State's matching funds are for the same purpose.
  - b. Crisis beds, although needed, are much more expensive than residential services. Moreover, crisis beds are not treatment for substance use disorders.
9. **What about Quest insurers?** Do they know that DOH may require providers to give their proprietary rate information to government without the insurer's permission?
10. **Involve research input that is available from the Federal government.** Decisions about standardized rates and outcomes has not been solved yet by the Federal government who has spent years researching. It's complicated and needs a great deal of discussion involving all aspects of those involved from government to providers to insurers to community.

**HSAC recommends that there be guiding strategies for the payment reform committee added to the legislative bill.**

- a. **Prioritize the financial security and viability of mental health and addiction treatment providers** that they survive payment reform.

- b. **Incentivize systemic changes that would evolve more evidence-based practices** that is proven for substance use disorder treatment such as residential and outpatient treatment using co-occurring, more complex patient models. Grow our mental health and addiction services workforce so that we can treat more chronic co-occurring disorders.
- c. **Increase high-quality prevention and addiction treatment services by ensuring that funds are used to support evidence-based programs** and activities to prevent or treat a mental health or substance use disorder. Support the inclusion of a waiver mechanism for new or innovative treatments that may offer promise.
- d. **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.
- e. **Recommend substantial investment and critical policy changes to mitigate the mental health and substance use-related effects of COVID-19 and its containment measures.**
- f. **Ensure that rates are adequate to build a robust SUD workforce,** which is critical and should be a cornerstone of any state response.
- g. **Support the proven, comprehensive federal research model for programs** in any changes to systems with the intent to expand access for prevention, addiction treatment, harm reduction, mental health services, and recovery support services. Our community needs adequate resources to meet these pressing needs.

**Closing:**

Given the devastation of the COVID-19 pandemic plaguing this country, it is crucial that Hawai'i is prepared to address the disastrous exacerbation of the expected 4<sup>th</sup> wave of mental health and substance use crisis.

We respectfully ask that the Payment Reform committee's primary goal be to ensure that individuals with mental health or substance use disorders receive the best possible evidence-based care. We appreciate the opportunity to provide testimony and are available for questions.

**SB-1036-SD-1**

Submitted on: 2/28/2021 7:47:54 PM

Testimony for JDC on 3/3/2021 9:45:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
nanci kreidman	Testifying for domestic violence action center	Oppose	No

Comments:

Aloha,

We are very interested in the continuation of the Community Council.

The experiences, voice and participation in discussion about community needs and program services is vital for good planning, sound approaches and reasonable allocation of resources to meet community need. A council of community members whose work is rooted in program services could make all the difference.

thank you



## CATHOLIC CHARITIES HAWAII

### COMMENTS FOR SB 1036 SD1: RELATING TO PROCUREMENT

TO: Senate Committee on Judiciary and Senate Committee on Ways and Means

FROM: Rob Van Tassell, President and CEO, Catholic Charities Hawaii

**Hearing: Wednesday, 3/3/21; 9:45 am; via videoconference**

Chair Rhoads, Chair Dela Cruz, and Members, Committees on Judiciary and Ways and Means:

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 Hawaii.

Catholic Charities Hawaii (CCH) is a tax exempt, non-profit agency that has been providing social services in Hawaii 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 Hawaii. Catholic Charities Hawaii has a long history of working in the areas of affordable housing and homelessness.

Catholic Charities Hawaii **OPPOSES the repeal of the Community Council on Purchases of Health and Human Services**. The community needs the Council for providers to share insights and make recommendations regarding procurement. Many issues may arise over procurement policies, timeframes, etc. Repealing the Council would remove the process for non-profit service providers to provide significant input into the procurement process.

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.

We suggest instead that the effectiveness of the Council could be promoted by:

- Determining the reasons the Council has not met since 2010: The quorum seems to have been a major problem for the Council’s inability to meet. More members could be appointed or a lower quorum needs to be established to allow the Council to actually meet.
- Including UH performance metrics to improve effectiveness.

Non-profit service providers are a huge segment of the Hawaii economy. We thank you for your consideration of how to improve the Council to become more effective vs repealing it.

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.



**SB-1036-SD-1**

Submitted on: 2/28/2021 11:56:51 PM

Testimony for JDC on 3/3/2021 9:45:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Kristen Alice	Individual	Oppose	No

Comments:

I oppose this bill.



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

March 3, 2021

TO: Senator Karl Rhoads, Chair  
Senator Jarrett Keohokalole, Vice Chair  
Members of the Senate Committee on Judiciary  
  
Senator Donovan Dela M. Dela Cruz, Chair  
Senator Gilbert S.C. Keith-Agaran, Vice Chair  
Members of the Senate Committee on Ways and Means

FROM: Christy MacPherson, Director, PHOCUSED

SUBJECT: Testimony: Relating to Procurement

Hearing: March 3, 2021 at 9:45 am  
Via videoconference

Chairs, Vice Chairs, and Members of the Joint Senate Committee on Judiciary and Ways and Means,

Thank you for the opportunity to provide testimony **in opposition** to SB1036, SD1 with recommendation of amendments if the bill is passed.

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 concerns about this bill for the following reason:

- The Community Council on Purchases of Health and Human Services provides opportunity for progressive conversations and input between health and human service providers and council members regarding:
  - Market or business conditions facing providers
  - Securing input from providers to facilitate agency decision making to assess needs, plan, budget, and purchase health and human services
  - Facilitating provider participation in the process used by state agencies to plan for and purchase health and human services
  - Establishing schedules for planning and purchasing health and human services in relation to the annual and biennial budget cycles

---

PHOCUSED IS A PROJECT OF HAWAII APPLESEED

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

- Developing criteria to evaluate proposals to provide health and human services, and for restrictive purchases under section 103F-403
- The needs of purchasing agencies and providers for education and training to improve planning for or purchasing of health and human services

Should SB1036, SD1 be passed, PHOCUSED recommends that language be inserted into the bill that adds similar roles/duties of the Community Council on Purchases of Health and Human Services, as stated above, to the State Payor Committee if one is established.

Thank you for the opportunity to submit testimony on this issue.



**SB-1036-SD-1**

Submitted on: 3/2/2021 9:12:33 AM

Testimony for JDC on 3/3/2021 9:45:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Joseph Spurrier	Individual	Oppose	No

Comments:

I strongly oppose. Amidst COVID-19, now more than ever the need for mental health and substance abuse services are of paramount importance for our youth, families and communities.

DAVID Y. IGE  
GOVERNOR



**LATE**

**STATE OF HAWAII  
STATE PROCUREMENT OFFICE**

P.O. Box 119  
Honolulu, Hawaii 96810-0119  
Tel: (808) 586-0554  
email: [state.procurement.office@hawaii.gov](mailto:state.procurement.office@hawaii.gov)  
<http://spo.hawaii.gov>

TESTIMONY  
OF  
BONNIE KAHAKUI, ACTING ADMINISTRATOR  
STATE PROCUREMENT OFFICE

TO THE SENATE COMMITTEES  
ON  
JUDICIARY  
AND  
WAYS AND MEANS

MARCH 3, 2021, 9:45 A.M.

SENATE BILL 1036, SD1  
RELATING TO PROCUREMENT

Chairs Rhoads, Chair Dela Cruz, Vice Chairs Keohokalole, Vice Chair Keith-Agaran, and members of the committees, thank you for the opportunity to submit testimony on SB 1036, SD1, Relating to Procurement. The State Procurement Office (SPO) is in strong support of this bill.

The SPO requests that additional revisions to Section, 1, 2, and 3 of SB1036, SD1, to clarify language pertaining to (1) streamlining membership requirements for the Board, (2) promoting fair and reasonable prices through government transparency and accountability, (3) increasing efficiency and short-term treatment purchase of services, and (4) installing/establishing a State Payor Committee to implement a unified framework for tracking, coordinating, and guiding the purchase of behavioral health and homelessness services, and placing the language into the appropriate Chapter in the Hawaii Revised Statutes (HRS).

(1) Streamline membership requirements for the Board (Section 103D-201, HRS)

Section 1 of this bill intends to streamline membership requirements for the Board (Section 103D-201, HRS) This revision is to promote procurement efficiency by creating a more agile PPB. By reducing not only the number of members on the Board, the required number of candidates for the vacant positions, but also the number of members of the

nominating committee, the ability to obtain quorum and promulgate rules will improve and result in a more responsive and agile board.

- SPO's proposed revision to Section 1(b)(3), Page 1, Line 12: Remove the word "certified" from line 12. Lines 10-17 will now read as follows:  
  
"(3) ~~Five~~ Four persons who shall not otherwise be full-time employees of the State or any county; provided that at least one member shall be a ~~certified~~ professional in the field of procurement, at least one member shall have significant high-level, federal procurement experience, and at least ~~two members~~ one member shall have significant experience in the field of health and human services."
- SPO's proposed revision to Section 1(b)(c), Page 2, Line 7: Reduce the required number of candidates for the vacant positions by changing the word "four" to "three" and changing the word "two" to "one". Lines 1-9 will now read as follows:

"Each appointed member shall have demonstrated sufficient business or professional experience to discharge the functions of the policy board. The initial and subsequent members of the policy board, other than the comptroller, shall be appointed by the governor from a list of ~~three~~ two individuals for each vacant position, submitted by a nominating committee composed of ~~four~~ three individuals chosen as follows: ~~two persons~~ one person appointed by the governor; one person appointed by the president of the senate; and one person appointed by the speaker of the house."

(2) Revision to promote fair and reasonable prices through government transparency and accountability (Section 103F-401, HRS)

The SPO proposed amendments in our testimony on SB1036 (the original bill). In our testimony, we proposed adding a section to Chapter 103F to promote fair and reasonable prices for the purchase of health and human services. However, the amendments that appeared in SB1036, SD1, repealed most of Section 103D-312, Fair and reasonable pricing policy for goods, services, instead of adding a section to Chapter 103F. This revision weakened the

provision for compliance stated in Section 103D-101, HRS, Requirements of ethical public procurement. We understand that the amendment to Section 103D-312 (Pages 2-5), was made in error in SB1036, SD1.

- SPO's proposed revision to Section 2, Pages 2-5: Revert Section 103D-312, HRS, to its original language.
- SPO's proposed revision to Section 2 (Page 2, Line 16, through Page 5, Line 15): Instead of revising Section 103D-312, add a new section to Section 103F, HRS. The language of the new section is to read as follows:

"SECTION 2. Chapter 103F, Hawaii Revised Statutes, is amended by adding to part IV a new section to be appropriately designated and to read as follows:

**§103F- Fair and reasonable pricing policy; cost or pricing data.** (a) For each contracting action under this chapter including any change orders or contract modifications that increase the original contract amount, the procuring agency shall make a written determination that the amount of the contracting action is fair and reasonable.

(b) In determining whether the amount of the contracting action is fair and reasonable, the procuring agency shall obtain the data necessary to perform a cost or price analysis to determine that the amount of the contracting action is a fair and reasonable price."

(3) Increase efficiency and short-term treatment purchase of services (Section 103F-404, HRS)

A proposed correction was left out of SB1036, SD1, Section 3, which aims at increasing efficiency and short-term treatment purchase of services (Section 103F-404, HRS).

- SPO's proposed revision to Section 3 (Page 8, Line 9): after the word "~~administrator~~" add " head of the purchasing agency." Section 3, Page 8, Lines 3-11 should then read as follows:

"The committee shall review and evaluate the submissions and other pertinent information, including references and reports, and prepare a list of qualified providers to provide treatment services during the fiscal year. Providers included on the list of qualified treatment providers may amend their statements of qualifications as necessary or appropriate. Providers shall immediately inform the ~~administrator~~ head of the purchasing agency of any changes in information furnished ~~which~~ that would disqualify the provider from being considered for a contract award."

#### (4) Install/Establish a State Payor Committee

Part II (Pages 11-16) of this bill proposes to establish a State Payor Committee to implement a unified framework for tracking, coordinating, and guiding the purchase of behavioral health and homelessness services. The SPO concurs, as sought after by the Legislature and stated in Sections 6 and 7 of SB1036, SD1, that it is the responsibility of the Department of Health's Behavioral Health Administration to plan, coordinate, implement, and promote statewide access to persons experiencing substance abuse, behavioral health conditions, and homelessness. Only with the appropriate expertise of State agencies and programs managing health and human services is it possible to develop and establish the proposed purchase of service framework to coordinate the purchase of services.

The SPO has conferred with the Department of Health about language to formally establish a State Payor Committee.

- SPO's proposed revision to Section 7 (Pages 15-16): Establish a State Payor Committee by adding language to Chapter 321, HRS, replacing Page 15, Line 14, through Page 16, Line 11, with the following language:

SECTION 7. Chapter 321 Hawaii Revised Statutes, is amended by adding two new sections to be appropriately designated and to read as follows:

"§321-A State payor committee. (a) There is established the state payor committee, which shall be composed of the director of health or the director of health's designee, and the director of human services or the director of human services' designee.

(b) The director of health or the director of health's designee and the director of human services or the director of human services' designee shall serve as the administrative heads of the state payor committee.

(c) The committee shall have oversight of the coordination of the purchase of services and shall be responsible for monitoring all information gathered and creating a purchase of service framework that aligns all purchase of service contracts pursuant to Chapter 321-B."

- SPO's proposed revision to Section 8 (Page 16, Lines 12-17): Adding language about behavioral health and substance abuse services to Chapter 321, HRS, to read as follows:

**§321-B Behavioral health and substance abuse services.**

(a) State agencies or programs that purchase social services related to behavioral health or substance abuse shall coordinate with the state payor committee as part of their planning activities for any purchase of services under this chapter. The agencies and programs shall consider the recommendations and payor framework of performance metrics and evaluation standards developed by the state payor committee when planning for the purchasing of these services with state resources.

(b) State agencies or programs that purchase behavioral health or substance abuse services shall seek to align reimbursement rates where applicable and in coordination with

the state payor committee across all contracts entered into for the purpose of purchasing behavioral health or substance abuse services with state resources.

(c) All community or private organizations that purchase services for behavioral health or substance abuse services, at the request of any state funding agency, shall disclose the source of any other federal, state, or county level funding the organizations receive for purposes of performing these services.

(d) Beginning July 1, \_\_\_\_\_, purchase of service contracts for behavioral health or substance abuse services using state resources that are initiated, renewed, or continued shall be reported to the state payor committee, established pursuant to [Chapter 321-A](#).

Thank you.

**LATE**

**SB-1036-SD-1**

Submitted on: 3/2/2021 12:40:35 PM

Testimony for JDC on 3/3/2021 9:45:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Stacey Ross	Individual	Oppose	No

Comments:

I do not understand why, when we are struggling with record numbers of substance abuse and behavioral issues why we would take away from those who need these services.