



GOV. MSG. NO. 1145

EXECUTIVE CHAMBERS
KE KE'ENA O KE KIA'ĀINA

JOSH GREEN, M.D.
GOVERNOR
KE KIA'ĀINA

June 1, 2023

The Honorable Ronald D. Kouchi
President of the Senate,
and Members of the Senate
Thirty-Second State Legislature
State Capitol, Room 409
Honolulu, Hawai'i 96813

The Honorable Scott K. Saiki
Speaker, and Members of the
House of Representatives
Thirty-Second State Legislature
State Capitol, Room 431
Honolulu, Hawai'i 96813

Dear President Kouchi, Speaker Saiki, and Members of the Legislature:

This is to inform you that on June 1, 2023, the following bill was signed into law:

HB978 HD2 SD2 CD1

RELATING TO PURCHASES OF HEALTH AND
HUMAN SERVICES.
ACT 045

Sincerely,

Josh Green, M.D.
Governor, State of Hawai'i

on JUN 1 2023

HOUSE OF REPRESENTATIVES
THIRTY-SECOND LEGISLATURE, 2023
STATE OF HAWAII

H.B. NO. 978
H.D. 2
S.D. 2
C.D. 1

A BILL FOR AN ACT

RELATING TO PURCHASES OF HEALTH AND HUMAN SERVICES.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. The purpose of this Act is to amend the
2 procurement laws relating to the purchase of health and human
3 services to promote procurement efficiency, program success, and
4 government accountability. This Act increases the efficiency of
5 short-term treatment purchase of services and changes the small
6 purchase threshold for health and human services.

7 SECTION 2. Section 103F-404, Hawaii Revised Statutes, is
8 amended to read as follows:

9 "[~~+~~]~~§~~103F-404[~~+~~] **Treatment purchase of services.** (a)
10 Treatment services may be purchased in accordance with this
11 section if [~~either or both of~~] the following circumstances [~~are~~
12 ~~applicable:~~

13 ~~(1) Such services may become necessary from time to time,~~
14 ~~but cannot be anticipated accurately on an annual or~~
15 ~~biennial basis; and~~

16 ~~(2) When deferring treatment until solicitation, provider~~
17 ~~selection, and contract formation can be completed,~~



1 ~~the problem needing treatment would be rendered worse~~
2 ~~than at the time of diagnosis or assessment.~~

3 ~~Contracts for treatment services shall be awarded on the basis~~
4 ~~of demonstrated competence and qualification for the type of~~
5 ~~service required, and at fair and reasonable prices.] apply:~~

6 (1) The need for treatment services is unanticipated and
7 arises from time to time;

8 (2) The required treatment services are for a one-time
9 purchase of no more than \$100,000 and last no longer
10 than one year;

11 (3) The treatment services are generally accepted
12 practices by the industry or profession; and

13 (4) The award of a contract is based on demonstrated
14 competence and qualification for the type of treatment
15 service required and at fair and reasonable prices.

16 (b) ~~[At a minimum, before the beginning of each fiscal~~
17 ~~year, the administrator]~~ The head of the purchasing agency or
18 the purchasing agency's designee shall, at a minimum, publish a
19 notice describing the types of treatment services that may be
20 needed throughout the fiscal year on [a periodic] an as-needed
21 basis and inviting providers engaged in providing these



1 treatment services to submit current statements of qualification
2 and expressions of interest to the ~~[office. The chief~~
3 ~~procurement officer may specify a uniform format for statements~~
4 ~~of qualifications.]~~ purchasing agency. Providers may amend
5 these statements by filing an amended or new statement prior to
6 the date designated for submission.

7 (c) The ~~[administrator]~~ head of the purchasing agency or
8 the purchasing agency's designee shall form an initial review
9 committee for each profession, consisting of a minimum of three
10 employees from a state agency or agencies with sufficient
11 education, training, and licenses or credentials to evaluate the
12 statements of qualifications ~~[which]~~ that the ~~[administrator]~~
13 head of the purchasing agency or the purchasing agency's
14 designee receives in response to the notice published pursuant
15 to subsection (b). The committee shall review and evaluate the
16 submissions and other pertinent information, including
17 references and reports, and prepare a list of qualified
18 providers to provide treatment services during the fiscal year.
19 Providers included on the list of qualified treatment providers
20 may amend their statements of qualifications as necessary or
21 appropriate. Providers shall immediately inform the



1 ~~[administrator]~~ head of the purchasing agency of any changes in
2 information furnished ~~[which]~~ that would disqualify the provider
3 from being considered for a contract award.

4 (d) When the need to purchase treatment services arises,
5 the head of a purchasing agency shall select the provider most
6 qualified to provide the needed treatment services from the list
7 of qualified providers.

8 (e) The head of the purchasing agency~~[r]~~ or ~~[a]~~ the
9 purchasing agency's designee~~[r]~~ shall negotiate a contract,
10 including a rate of compensation ~~[which]~~ that is fair and
11 reasonable, established in writing, and based upon the estimated
12 value, scope, nature, and complexity of the treatment services
13 to be rendered, or use the rate established by the
14 ~~[administrator,]~~ head of the purchasing agency, if any. If
15 negotiations fail, upon written notice of an impasse to the
16 provider selected under subsection (d), the head of the
17 purchasing agency shall choose another provider from the list of
18 qualified providers, and conduct further negotiations.
19 Negotiations shall be conducted confidentially.

20 (f) Contracts for treatment services in excess of \$100,000
21 or that last for more than one year shall ~~[be procured using~~



1 ~~section 103F-402, competitive purchase of services, unless a~~
2 ~~waiver of this subsection is approved by the chief procurement~~
3 ~~officer.] utilize an alternative applicable method of~~
4 ~~procurement pursuant to section 103F-401.~~"

5 SECTION 3. Section 103F-405, Hawaii Revised Statutes, is
6 amended to read as follows:

7 "[~~§~~103F-405~~]~~ **Small purchases.** Purchases of health and
8 human services [~~of less than \$25,000~~] for an amount less than
9 the threshold established in section 103D-305(a) for goods and
10 services are small purchases, and shall be made in accordance
11 with [~~section 103D-305 and~~] rules adopted by the policy board
12 [~~to implement that section~~]."

13 SECTION 4. Statutory material to be repealed is bracketed
14 and stricken. New statutory material is underscored.

15 SECTION 5. This Act shall take effect upon its approval.

APPROVED this 1st day of June , 2023



GOVERNOR OF THE STATE OF HAWAII

HB No. 978, HD 2, SD 2, CD 1

THE HOUSE OF REPRESENTATIVES OF THE STATE OF HAWAII

Date: May 2, 2023
Honolulu, Hawaii

We hereby certify that the above-referenced Bill on this day passed Final Reading in the House of Representatives of the Thirty-Second Legislature of the State of Hawaii, Regular Session of 2023.



Scott K. Saiki
Speaker
House of Representatives

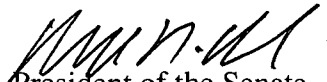



Brian L. Takeshita
Chief Clerk
House of Representatives

THE SENATE OF THE STATE OF HAWAI'I

Date: May 2, 2023
Honolulu, Hawai'i 96813

We hereby certify that the foregoing Bill this day passed Final Reading in the Senate of the Thirty-Second Legislature of the State of Hawai'i, Regular Session of 2023.


President of the Senate


Clerk of the Senate