

JOSH GREEN, M.D.
GOVERNOR
KE KIA'ĀINA



BONNIE KAHAKUI
ACTING ADMINISTRATOR

STATE OF HAWAI'I | KA MOKU'ĀINA O HAWAI'I
STATE PROCUREMENT OFFICE

P.O. Box 119
Honolulu, Hawaii 96810-0119
Tel: (808) 586-0554
email: state_procurement_office@hawaii.gov
<http://spo.hawaii.gov>

TESTIMONY
OF
BONNIE KAHAKUI, ACTING ADMINISTRATOR
STATE PROCUREMENT OFFICE

TO THE SENATE COMMITTEES
ON
GOVERNMENT OPERATIONS
AND
HEALTH AND HUMAN SERVICES
March 23, 2023, 3:00 PM

HOUSE BILL 978, HD2
RELATING TO PURCHASES OF HEALTH AND HUMAN SERVICES

Chair McKelvey, Chair San Buenaventura, Vice Chair Gabbard, Vice Chair Aquino, and members of the committees, thank you for the opportunity to submit testimony on House Bill 978, HD2. The State Procurement Office (SPO) **strongly supports** this bill, which increases efficiency of short-term treatment purchase of service and increases the small purchases threshold for health and human services to align with of 103D-305, Hawaii Revised Statutes.

If this bill is passed, agencies, under the treatment purchase of service, would have the ability to establish and use their own lists of qualified providers as needed, specifically for the provision of health and human services.

Also, this bill will expedite services for specific needs for the public. The small purchase threshold for health and human services, regulated under HRS §103F-405, has remained unchanged at \$25,000 since the establishment of Chapter 103F in 1997.

In SLH 2009, fourteen years ago, the legislature increased the small purchase threshold for goods and services under Chapter 103D to \$100,000. Given the cost and price development since 1997, an adjustment to reflect current price realism and to align with the small purchase threshold of chapter 103D would benefit the state agencies in allowing to reduce administrative

cost, accelerate small purchase procedures and to free up scarce resources to execute complex high-dollar value procurements.

The State Procurement Office suggests amending the current bill HB978 HD2 under Section 3 to read as follows:

"~~[[~~§103F-405~~]]~~ **Small purchases. Purchase of health and human services of less than ~~[\$25,000]~~ \$ _____ for an amount less than the threshold established in section 103D-305 (a) for goods and services. are small purchases and shall be made in accordance with ~~[section 103D-305 and]~~ rules adopted by the procurement policy board, ~~to implement~~ ~~[that] this section.~~ The threshold amount for goods and services set out in section 103D-305 shall also apply to this section."**

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

JOSH GREEN, M.D.
GOVERNOR
KE KIA'ĀINA



KEITH A. REGAN
COMPTROLLER
KA LUNA HO'OMALU HANA LAULĀ

MEOH-LENG SILLIMAN
DEPUTY COMPTROLLER
KA HOPE LUNA HO'OMALU HANA LAULĀ

STATE OF HAWAI'I | KA MOKU'ĀINA O HAWAI'I
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES | KA 'OIHANA LOIHELU A LAWELAWE LAULĀ
P.O. BOX 119, HONOLULU, HAWAII 96810-0119

WRITTEN TESTIMONY
OF
KEITH A. REGAN, COMPTROLLER
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES
TO THE COMMITTEES ON

**GOVERNMENT OPERATIONS
AND
HEALTH AND HUMAN SERVICES**

MARCH 23, 2023, 3:00 PM
CONFERENCE ROOM 225 AND VIA VIDEOCONFERENCE, STATE CAPITOL

H.B. 978, H.D.2

RELATING TO PURCHASES OF HEALTH AND HUMAN SERVICES.

Chairs McKelvey and San Buenaventura, Vice Chairs Gabbard and Aquino, and Members of the Committees, thank you for the opportunity to testify on H.B. 978, H.D.2.

The Department of Accounting and General Services (DAGS) **supports** this bill to authorize heads of purchasing agencies to issue requests for statements of qualification and to establish a list of qualified providers for treatment purchase of services and increases the small purchase threshold for health and human services.

The passage of this Governor's administrative package bill would allow for efficient procurement of expedited services to address unanticipated health related treatment services to assist the public. DAGS defers to and supports the amendments provided by the State Procurement Office.

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