

STAND. COM. REP. NO. **602**

Honolulu, Hawaii
FEB 19, 2021

RE: H.B. No. 882
H.D. 1

Honorable Scott K. Saiki
Speaker, House of Representatives
Thirty-First State Legislature
Regular Session of 2021
State of Hawaii

Sir:

Your Committee on Government Reform, to which was referred
H.B. No. 882 entitled:

"A BILL FOR AN ACT RELATING TO PROCUREMENT,"

begs leave to report as follows:

The purpose of this measure is to repeal the establishment of
a 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 finds that the Community Council on Purchase
of Health and Human Services (Community Council) was established
in 1997 as an advisory body to provide input and assistance to the
State Procurement Administrator to develop the rules,
infrastructure, and procedures for procuring health and human
services. Your Committee further finds that more than twenty
years later, the focus of health and human service procurements
has changed as the rules are well-established and providers and
purchasing agencies are acclimated to the process. Your Committee
additionally finds that the last meeting of the Community Council
was held on April 22, 2010, and a lack of quorum and lack of
Governor-appointed members have prevented further meetings. Your
Committee believes that state agencies and private providers are
capable of communicating and working together in a dynamic



paradigm and can refine and update procedures for planning, procuring, and contracting health and human services to meet today's needs without the support of the Community Council.

Your Committee notes that this measure, as introduced, only repeals the establishment of the Community Council on Purchase of Health and Human Services. Your Committee finds that this measure provides an opportunity to revamp the statutory provisions relating to the purchase of health and human services.

In working with stakeholders on this measure, your Committee has amended this measure by:

- (1) Requiring purchasing agencies to:
 - (A) Make a written determination that the amount of a contracting action for purchases of health and human services is fair and reasonable; and
 - (B) Obtain necessary data to perform a cost or price analysis to determine that the amount of the contracting action is a fair and reasonable price;
- (2) 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;
- (3) 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;
- (4) Increasing the small purchase threshold from less than \$25,000 to less than \$100,000;
- (5) Changing its effective date to July 1, 2112, to encourage further discussion; and



- (6) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

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. 882, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 882, H.D. 1, and be referred to your Committee on Finance.

Respectfully submitted on
behalf of the members of the
Committee on Government Reform,



ANGUS L.K. MCKELVEY, Chair



