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# A BILL FOR AN ACT

RELATING TO HEALTH.

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

1           SECTION 1. The legislature finds that the department of  
2 health's behavioral health administration is responsible for  
3 planning, coordinating, and promoting statewide access to  
4 integrated behavioral health services to reduce the biological,  
5 social, psychological, and economic consequences of substance  
6 use disorder, mental health disorders, and other behavioral  
7 health conditions.

8           The legislature further finds that fragmentation in the  
9 financing and payment ecosystem of behavioral health care payers  
10 of state funding perpetuates disparity in monitoring outcomes  
11 and results of services purchased by the State. Further, the  
12 siloed manner in which state-funded services are purchased in  
13 this area leads to increased administrative burdens on both  
14 providers and funders; disparity and inequity in reimbursement  
15 rates paid for similar services with state funds; difficulty in  
16 standardizing contracting, payment, evaluation processes, and



1 quality assurance metrics; and duplication of effort at best,  
2 and waste of resources at worst.

3 As a result, patients receive uncoordinated care across a  
4 variety of services by public providers, contracted providers,  
5 and other private providers. The legislature further finds that  
6 consumers and patients of behavioral health services should have  
7 improved quality of behavioral health care through greater  
8 integration, lower fragmentation of payment models, and standard  
9 performance metrics.

10 The legislature also finds that Act 90, Session Laws of  
11 Hawaii 2019, established the involuntary hospitalization task  
12 force, and Act 263, Session Laws of Hawaii 2019, established a  
13 working group to evaluate current behavioral health care and  
14 related systems, including existing resources, systems gaps, and  
15 identification of action steps that could be taken to improve  
16 the overall system of care. The findings of these efforts  
17 highlighted various gaps and identified action steps that could  
18 be taken by the State to improve the coordination of the overall  
19 system of care. Since then, the behavioral health  
20 administration has made strides in implementing the



1 recommendations and closing service gaps, which is evident in  
2 the expansion of the coordinated access resource entry system  
3 (CARES) and the recent implementation of stabilization beds for  
4 sub-acute care. However, there is still much work to be done if  
5 the State is to realize the goal of a comprehensive coordinated  
6 system of care for behavioral health for services purchased by  
7 the State, as State resources should be used for services with  
8 optimal value and impact.

9 The legislature additionally finds that the legislature has  
10 the ability to promote greater coordination and enhance recent  
11 accomplishments through enacting legislation that requires more  
12 formalized coordination of purchasing services with state  
13 resources. Further, mandating such activities can facilitate  
14 multi-sectoral coordination of state resources, and given the  
15 current economic situation facing the State, it is in the  
16 State's best interests to do so. Accordingly, the purpose of  
17 this Act is to:

- 18 (1) Establish the state payor committee, to be co-chaired  
19 by the directors of health and human services, or  
20 their designated representatives, to implement a



1 unified framework for tracking, coordinating, and  
2 guiding the purchase of behavioral health or substance  
3 abuse services across the continuum of care that  
4 strives for integrated performance metrics, evaluation  
5 standards, and reimbursement rates;

6 (2) Require executive programs that purchase social  
7 services related to behavioral health or substance  
8 abuse to coordinate with the state payor committee as  
9 part of the planning for the purchase of these  
10 services and consider the recommendations and purchase  
11 of service framework developed by the state payor  
12 committee when purchasing these services; and

13 (3) Require all community or private organizations that  
14 purchase services for behavioral health or substance  
15 abuse, at the request of any state funding agency, to  
16 disclose the source of other federal, state, or  
17 county-level funding the organizations receive for the  
18 purposes of performing these services.



1 SECTION 2. Chapter 103F Hawaii Revised Statutes, is  
2 amended by adding two new sections to part IV to be  
3 appropriately designated and to read as follows:

4 **"§103F-A State payor committee.** (a) There is established  
5 the state payor committee, which shall be composed of the  
6 administrator of the state procurement office or the  
7 administrator's designee, the director of health or the director  
8 of health's designee, and the director of human services or the  
9 director of human services' designee.

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

14 (c) The committee shall have oversight of the coordination  
15 of the purchase of services and shall be responsible for  
16 monitoring all information gathered and creating a purchase of  
17 service framework that aligns all purchase of service contracts  
18 pursuant to section 103F-B.

19 **§103F-B Behavioral health and substance abuse services.**

20 (a) All executive state agencies or programs that purchase



1 social services related to behavioral health or substance abuse  
2 shall coordinate with the state payor committee as part of their  
3 planning activities for any purchase of services under this  
4 chapter. The agencies and programs shall consider the  
5 recommendations and payor framework of performance metrics and  
6 evaluation standards developed by the state payor committee when  
7 planning for the purchasing of these services with state  
8 resources.

9 (b) All executive state agencies or programs that purchase  
10 behavioral health or substance abuse services shall seek to  
11 align reimbursement rates where applicable and in coordination  
12 with the state payor committee across all contracts entered into  
13 for the purpose of purchasing behavioral health or substance  
14 abuse services with state resources.

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



1        (d) Beginning July 1, 2021, purchase of service contracts  
2 for behavioral health or substance abuse services using state  
3 resources that are initiated, renewed, or continued shall be  
4 reported to the state payor committee, established pursuant to  
5 section 103F-A."

6        SECTION 3. In codifying the new sections added by section  
7 2 of this Act, the revisor of statutes shall substitute  
8 appropriate section numbers for the letters used in designating  
9 the new sections in this Act.

10        SECTION 4. New statutory material is underscored.

11        SECTION 5. This Act shall take effect on July 1, 2060.



**Report Title:**

Procurement; Service Contracts; Behavioral Health Services;  
Substance Abuse Services; DOH; DHS; SPO; State Payor Committee

**Description:**

Establishes the state payor committee, to be administered by the directors of the departments of health and human services, or their designees, to establish a purchase of service framework that aligns all behavioral health and substance abuse service contracts. Requires executive programs that purchase social services related to behavioral health or substance abuse to coordinate with the state payor committee as part of the planning for purchases of these services. Requires all community or private organizations that purchase services for behavioral health or substance abuse, at the request of any state funding agency, to disclose the source of other federal, state, or county-level funding it receives for the purposes of performing such services. Effective 7/1/2060. (HD1)

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