

S.B. NO. 2137

JAN 24 2018

A BILL FOR AN ACT

RELATING TO PROCUREMENT OF TREATMENT PURCHASE OF SERVICES.

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

1 SECTION 1. The treatment purchase of services statute,
2 section 103F-404, Hawaii Revised Statutes, was established to
3 provide purchasing agencies an alternative to competitively
4 procuring for health and human services that (1) are
5 sporadically used and (2) cannot be anticipated accurately on an
6 annual basis. This method of procurement is intended to be used
7 on a one-time, short-term basis. Due to its restrictive nature,
8 the treatment method of procurement has limited demand since
9 other methods can generally satisfy the requirement. As each
10 department and chief procurement officer jurisdiction may have
11 unanticipated, short-term requirements specific for its service
12 needs, it is in the best interest of the State to allow each
13 department to establish its own lists of qualified providers,
14 when applicable. Therefore, the treatment purchase of service
15 statute should be amended to allow departments and chief
16 procurement officer jurisdictions to issue the request for

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1 statements of qualifications and to establish their own lists of
2 qualified providers.

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

5 "[+]§103F-404[+] **Treatment purchase of services.** (a)

6 Treatment services may be purchased in accordance with this
7 section if ~~[either or both of]~~ the following circumstances are
8 applicable:

9 (1) ~~[Such]~~ The needs for treatment services ~~[may become~~
10 ~~necessary from time to time, but cannot be anticipated~~
11 ~~accurately on an annual or biennial basis; and]~~ are
12 unanticipated and arise from time to time;

13 ~~[(2) When deferring treatment until solicitation, provider~~
14 ~~selection, and contract formation can be completed,~~
15 ~~the problem needing treatment would be rendered worse~~
16 ~~than at the time of diagnosis or assessment.~~

17 ~~Contracts for treatment services shall be awarded on the basis~~
18 ~~of demonstrated competence and qualification for the type of~~
19 ~~service required, and at fair and reasonable prices.]~~

20 (2) The required service is for a one-time purchase for
21 not more than \$100,000 and no longer than one year;

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1 (3) The services are industry standard services, that is,
2 the services are generally accepted practices by the
3 industry or profession; and

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

7 (b) ~~[At a minimum, before the beginning of each fiscal~~
8 ~~year, the administrator]~~ As applicable, the head of the
9 purchasing agency shall, at a minimum, publish a notice
10 describing the types of treatment services that may be needed
11 throughout the year on a [periodic] sporadic basis and
12 ~~[inviting]~~ invite providers engaged in providing these treatment
13 services to submit current statements of qualification and
14 expressions of interest to the ~~[office-]~~ purchasing agency.
15 ~~[The chief procurement officer may specify a uniform format for~~
16 ~~statements of qualifications.]~~ Providers may amend these
17 statements by filing an amended or new statement prior to the
18 date designated for submission.

19 (c) The ~~[administrator]~~ head of the purchasing agency
20 shall form an initial review committee for each profession,
21 consisting of a minimum of three employees from a state agency
22 or agencies with sufficient education, training, and licenses or

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1 credentials to evaluate the statements of qualifications which
2 the ~~[administrator]~~ head of the purchasing agency receives in
3 response to the notice published pursuant to subsection (b).
4 The committee shall review and evaluate the submissions and
5 other pertinent information, including references and reports,
6 and prepare a list of qualified providers to provide treatment
7 services during the fiscal year. Providers included on the list
8 of qualified treatment providers may amend their statements of
9 qualifications as necessary or appropriate. Providers shall
10 immediately inform the ~~[administrator]~~ head of the purchasing
11 agency of any changes in information furnished ~~[which]~~ that
12 would disqualify the provider from being considered for a
13 contract award.

14 (d) When the need to purchase treatment arises, the head
15 of a purchasing agency shall select the provider most qualified
16 to provide the needed treatment from the list of qualified
17 providers.

18 (e) The head of the purchasing agency, or a designee,
19 shall negotiate a contract, including a rate of compensation
20 ~~[which]~~ that is fair and reasonable, established in writing, and
21 based upon the estimated value, scope, nature, and complexity of
22 the treatment services to be rendered, or use the rate

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1 established by the [~~administrator,~~] head of the purchasing
2 agency, if any. If negotiations fail, upon written notice of an
3 impasse to the provider selected under subsection (d), the head
4 of the purchasing agency shall choose another provider from the
5 list of qualified providers, and conduct further negotiations.
6 Negotiations shall be conducted confidentially.

7 (f) Contracts for treatment services in excess of \$100,000
8 or that last for more than one year shall [~~be procured using~~
9 ~~section 103F-402, competitive purchase of services, unless a~~
10 ~~waiver of this subsection is approved by the chief procurement~~
11 ~~officer.~~] utilize another method of procurement."

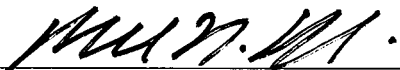
12 SECTION 3. Statutory material to be repealed is bracketed
13 and stricken. New statutory material is underscored.

14 SECTION 4. This Act shall take effect upon its approval.

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INTRODUCED BY:



17

BY REQUEST

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Report Title:

Procurement; Treatment Purchase of Service

Description:

Authorizes the departments to issue the request for statements of qualifications and to establish lists of qualified providers for treatment purchase of service. Effective upon approval.

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.

JUSTIFICATION SHEET

DEPARTMENT: Accounting and General Services.

TITLE: A BILL FOR AN ACT RELATING TO PROCUREMENT OF TREATMENT PURCHASE OF SERVICES.

PURPOSE: To allow departments to issue the request for statements of qualifications and to establish their own lists of qualified providers.

MEANS: Amend section 103F-404, Hawaii Revised Statutes.

JUSTIFICATION: The section was established to provide purchasing agencies an alternative to competitively procuring for health and human services that (1) are sporadically used and (2) cannot be anticipated accurately on an annual basis. This method of procurement is intended to be used on a one-time, short-term basis. Due to its restrictive nature, the treatment method of procurement has limited demand since other methods can generally satisfy the requirement. As each department and Chief Procurement Officer jurisdiction may have unanticipated, short-term requirements specific for its service needs, it is in the best interest of the State to allow each department to establish its own lists of qualified providers, when applicable.

Impact on the public: Expedited services for specific needs.

Impact on the department and other agencies: Ability to establish and use lists of qualified providers, as needed specifically for the provision of health and human services.

GENERAL FUND: None.

OTHER FUNDS: None.

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PPBS PROGRAM
DESIGNATION:

None.

OTHER AFFECTED
AGENCIES:

All agencies procuring health and human
services pursuant to chapter 103F, Hawaii
Revised Statutes.

EFFECTIVE DATE:

Upon approval.