

State Procurement Office  
Procurement of Health and Human Services  
Chapter 103F, HRS

Secondary Purchases  
Pursuant to Section 3-143-608, HAR

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**Introduction to  
Secondary Purchases of Service**

- Secondary purchases are a planning tool to enable purchasing agencies to coordinate purchases of health and human services by combining their requirements as primary and secondary purchasers.
- Secondary purchases are purchases made by a state purchasing agency utilizing the competitive procurement of another state agency.
- State purchasing agencies issue a single RFP and applicants respond with a single proposal.
- Primary and Secondary Purchasers
  - Primary Purchaser: requires the largest share of the services.
  - Secondary Purchaser: requires the lesser share of the services
- Two Kinds of Secondary Purchases
  - Planned Secondary Purchase
    - When two or more purchasing agencies need to procure substantially the same health and human services they may issue a single RFP.
  - After-the-Fact Secondary Purchase
    - A purchasing agency may purchase the competitively procured service (or part of the service) that has been procured by another purchasing agency.

Planned Secondary Purchase	After-the-Fact Secondary Purchase
Used when the purchaser knows they are likely to need the service.	Used when an unanticipated need for a service arises that another state agency has procured by the competitive method of procurement.
Quantity of services purchased by secondary purchaser is less than the primary purchaser.	Quantity of services purchased by secondary purchaser must be no greater than 30% of the total services purchased by the primary and secondary purchasers.

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**After-the-Fact Secondary Purchase**  
Pursuant to § 3-143-608, Hawaii Administrative Rules

Step by Step Procedures

Step	Description
1	<p>The secondary purchaser contacts the primary purchaser and indicates the contract and provider with which they would like to make an after-the-fact secondary purchase and the terms. Any concerns the primary purchaser has must be addressed.</p> <p><i>Comments:</i> It is the duty of the secondary purchaser to cooperate with the primary purchaser.</p>
2	<p>After preliminarily determining that an after-the-fact secondary purchase may be appropriate, the secondary purchaser obtains a copy of the contract and the RFP, and reviews both to verify that the secondary purchase meets the requirements of § 3-143-608, HAR. The secondary purchaser verifies the following:</p> <ul style="list-style-type: none"> <li>A. The RFP of the primary purchaser had a statement allowing secondary purchases.</li> <li>B. In consultation with the primary purchaser, determines if the proposed services of the secondary purchaser are the same or substantially the same as the primary purchaser. Consideration shall include but is not limited to: <ul style="list-style-type: none"> <li>1. Scope of services,</li> <li>2. Target population</li> <li>3. Term of contract,</li> <li>4. Method of payment,</li> <li>5. Special conditions and any attachments.</li> </ul> </li> </ul> <p><i>Comments:</i> If the RFP did not allow for secondary purchases, then a secondary purchase cannot be done.</p>
3	<p>The secondary purchaser determines the maximum allowable amount of services (i.e. number of units, bed days, etc.) to be purchased. This can be no greater than 30% of the combined services of the primary and secondary purchasers.</p> <p><i>Comments:</i> To calculate the percentage of services, use the following formula: <math>S \div (P+S)</math> where S is the total services (number of units, bed days, etc.) of the secondary purchaser and P is the total services of the primary purchaser.</p> <p>If the primary purchaser's contract contained multiple services, and the secondary purchaser wishes to purchase only a part of the services, the secondary purchaser's percentage of services shall be calculated on the proposed service portion, not on the entire contract.</p>

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**After-the-Fact Secondary Purchase**  
Pursuant to § 3-143-608, Hawaii Administrative Rules

Step by Step Procedures

Step	Description
4	The secondary purchaser contacts the provider regarding the possibility of contracting with the secondary purchaser. The secondary purchaser ensures the provider is aware and agreeable to all the conditions.
5	The head of the state agency of the secondary purchaser makes an after-the-fact secondary purchase request to primary purchaser’s chief procurement officer. (Form SPO-H-300).  <i>Comments:</i> A separate request must be made for each contract.
6	If approved, the secondary purchaser executes a contract with the provider per the approved request for a secondary purchase.  <i>Comments:</i> The contract may be for less service than requested but not more.

**Determining if a proposed after-the-fact secondary purchase is substantially the same:**

The following questions are a guideline in determining whether the proposed contract is substantially the same:

1. Is the funding amount substantial enough it should competitively procured?
2. Would the difference(s) have affected a potential applicant’s decision to respond to the RFP?
3. Would the difference(s) have affected how an applicant was ranked or was scored?
4. If the primary purchaser were making these changes in their contract would it constitute a fundamental change, a change so great that a reasonable purchasing agency would, in light of all circumstances re-procure the required services instead of amending an existing contract in order to assure that the state is receiving the most advantageous bargain?

If the response is no to all of the questions, then it is likely the proposed contract is substantially the same.

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**After-the Fact Secondary Purchase**  
Checklist for Secondary Purchasers

This is a checklist for the secondary purchasers convenience and is not required. It may be used to 1) gather information necessary to complete Form SPO-H-300 and 2) as part of the documentation to be placed in procurement file.

1		Date primary purchaser contacted
2		Primary Purchaser
3		Name of contact for primary purchaser, phone number and e-mail address.
4		Number and title of RFP of primary purchaser
5	<input type="checkbox"/>	RFP of primary purchaser allowed secondary purchases (check if yes)
6		Provider name.
7		Contract number of primary purchaser's contract with provider:
8	<input type="checkbox"/>	Services are the same as the contract of the primary provider. (Check if yes. If yes, skip #9, 10, and 11)
9	<input type="checkbox"/>	Services are substantially the same as the contract of the primary provider. (Check if yes.)
10	<input type="checkbox"/>	If substantially the same, the difference would not have affected any applicant's decision to respond to the RFP. (Check if yes)
11	<input type="checkbox"/>	If substantially the same, the difference would not have affected how the applicant was evaluated. (Check if yes)
12	<input type="checkbox"/>	Quantity of services by the secondary purchaser is reasonable for an after-the-fact secondary purchase and is not greater than 30% of the total services. (Check if yes)
13		Date request for after-the-fact secondary purchase is sent to CPO of primary purchaser (Form SPOH-300).
14		Date contract executed.
15		If approved, date all appropriate documentation placed in procurement file.

**STATE OF HAWAII**  
**REQUEST FOR AFTER-THE-FACT SECONDARY PURCHASE**  
**PURSUANT TO SECTION 3-143-608, HAR**

**Instructions**

- This form is fillable.
  
- This form is also available in MS Word on the SPO website at <http://www/spo.hawaii.gov>
  - Select **Procurement of Health & Human Services**
  - Select **Forms**
  - Select **Forms & Instructions for State Agencies**

**STATE OF HAWAII**  
**REQUEST FOR AFTER-THE-FACT SECONDARY PURCHASE**  
**PURSUANT TO SECTION 3-143-608, HAR**

To: Chief Procurement Officer

From: \_\_\_\_\_  
*Department/Division/Branch, etc.*

Pursuant to § 3-143-608, HAR, the Department Head requests approval to make an after-the-fact secondary purchase for the following:

Title and description of health and human service(s):
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Primary Purchaser:	Contact Person:	Phone No.:	e-mail Address:
Contract Number:	Provider Name:		
Method of Payment:			
<input type="checkbox"/> Cost reimbursement	<input type="checkbox"/> Unit rate	<input type="checkbox"/> Other:	

	Primary Purchaser (P)	Secondary Purchaser (S)
Start Date of Contract		
End Date of Contract		
Total Contract Funds		
Contract Funds Per Year (if applicable)		
Total Services (i.e. no. of units, bed days, etc.)	*	*
*Percentage of Total Services $S \div (P+S)$		

If the percentage is greater than 30%, provide justification that good cause exists for a greater share:

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**STATE OF HAWAII**  
**REQUEST FOR AFTER-THE-FACT SECONDARY PURCHASE**  
**PURSUANT TO SECTION 3-143-608, HAR**

The service/part of the service is substantially the same as the primary purchaser:  Yes  No

Describe differences between the primary and secondary purchase, if any, including but not limited to, scope of services, target groups, geographic area, method of payment, etc.

List state agency personnel, by position title, who will be involved in the approval process and administration of the contract:

Direct Questions to (name & title):

Phone Number:

e-mail Address:

**I certify that the information provided above is to the best of my knowledge true and correct.**

\_\_\_\_\_  
*Department Head Signature*

\_\_\_\_\_  
*Date*

\_\_\_\_\_  
*Typed Name*

\_\_\_\_\_  
*Position Title*

Chief Procurement Officer's Comments:

Please ensure adherence to applicable administrative requirements.

\_\_\_\_ Approved

\_\_\_\_ Denied

\_\_\_\_\_  
*Chief Procurement Officer*

\_\_\_\_\_  
*Date*

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**Planned Secondary Purchase**  
Pursuant to § 3-144-608, Hawaii Administrative Rules

Step by Step Planning Procedures

Step	Description
1	<p>The secondary purchaser makes initial contact with the primary purchaser and indicates they would be interested in a planned secondary purchase. Any concerns the primary purchaser has must be addressed.</p> <p><i>Comments:</i> It is the duty of the secondary purchaser to cooperate with the primary purchaser.</p>
2	<p>After preliminarily determining that a planned secondary purchase may be appropriate, the secondary purchaser determines specifically what they will need including but not limited to:</p> <ol style="list-style-type: none"> <li>1. Scope of services,</li> <li>2. Target population,</li> <li>3. Term of contract,</li> <li>4. Geographic area,</li> <li>5. Method of payment,</li> <li>6. Special conditions,</li> <li>7. Administrative requirements</li> </ol> <p><i>Comments:</i> The purpose of this step is to ensure that the secondary purchaser has thought of all contingencies and possible requirements.</p>
3	<p>Preliminary Request(s) for Information is held. Example: Before incorporating the secondary purchaser’s requirements, issue an RFI using the primary purchaser’s original RFP. Request information and concerns from interested providers about the possible inclusion of the secondary purchaser’s requirements.</p>
4	<p>The secondary purchaser determines the maximum allowable amount of services (i.e. number of units, bed days, etc.) to be purchased.</p> <p><i>Comments:</i> If the primary purchaser’s RFP contains multiple services, and the secondary purchaser wishes to purchase only a part of the services, the secondary purchaser’s share of the services shall be based on the proposed service, not the entire RFP. Under a planned secondary purchase, the secondary purchaser purchases less than the primary purchaser.</p>

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**Planned Secondary Purchase**  
Pursuant to § 3-144-608, Hawaii Administrative Rules

Step by Step Planning Procedures

Step	Description
5	<p>The secondary and primary purchasers discuss differences in requirements and ensure that services are the same or substantially the same. Consideration shall include administrative requirements, as well as service requirements. Full disclosure of differences must be in the RFP.</p> <p><i>Comments:</i> The principle of KISS (Keep It Sweet and Simple) applies here. If the differences are too complicated it may not be a secondary purchase.</p>
6	<p>Primary and secondary purchasers should ensure that the reporting requirements for the awardee are similar.</p> <p><i>Comments:</i> While it is not always possible to have identical reporting requirements, keep in mind that computers can produce different reports if the elements of information that must be entered are the same</p>
7	<p>Tasks and timelines for the primary and secondary purchasers are established and agreed upon. Include dates of distribution of the RFP, orientation sessions and proposal evaluation.</p> <p><i>Comments:</i> Timelines should include who will be responsible for completing the tasks and when they must be done. Include when drafts are due, when the draft RFP will be ready for final review, when final modifications are due, orientation logistics (how many people to expect, where to hold it, who will attend, will there be any handouts, etc). Will the secondary purchaser help print the copies of the RFP? It is most helpful to have it in writing so there will be no misunderstandings.</p>
8	<p>The secondary purchaser prepares their portion of the service specifications and other requirements and submits per the deadlines established. Arrangements are finalized for RFP distribution, orientation sessions and proposal evaluation.</p>
9	<p>Both the primary and secondary purchasers review the final RFP for accuracy and clarity.</p>
10	<p>RFP is prepared for web/copies printed.</p>
11	<p>RFP is released.</p>

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**Planned Secondary Purchase**  
Checklist for Purchasers

This is a checklist for the purchasers convenience and is not a requirement. It may be used to guide purchasers through the process.

1		Date of first contact.
2		Primary & Secondary Purchaser Name of contact, phone number and e-mail address.
3		Number and title of RFP
4		Secondary purchaser determines specific requirements.
5		Preliminary RFI scheduled.
6		Secondary and Primary purchasers discuss differences in RFP requirements and information gathered from RFI.
7	<input type="checkbox"/>	RFP requirements of primary and secondary provider are the same. (Check if yes. If yes, skip #4
8	<input type="checkbox"/>	Services are substantially the same as the RFP requirements of the primary provider. (Check if yes.)
9	<input type="checkbox"/>	Quantity of services by the secondary purchaser is less than that of the primary purchaser. (Check if yes)
10		Primary and secondary purchasers discuss reporting requirements and they are modified to be similar.
11		Second RFI is held (draft service specifications)
12		Date secondary purchasers portions of the RFP are due to the primary purchaser.
13		Date RFP will be available for final review.
14		Submittal deadline for any changes.
15		RFP prepared for web/printed
16		RFP released

State Procurement Office  
Procurement of Health and Human Services

Competitive Purchases of Services  
**Planned Secondary Purchase**  
**Pursuant to §3-144-608, Hawaii Administrative Rules**

**Sample Sections**  
**Request for Proposals (RFP), Section 2, Services Specifications**

These samples are for the purposes of illustration only and may not represent all sections that must refer to secondary purchaser requirements. The descriptions are simplified to enable you to understand how to structure an RFP that includes a planned secondary purchase.

**I. - Introduction**

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**D. Description of the target population to be served**

People in need of substance abuse services, ages 12 to 60, who are residents of the state of Hawaii.

Secondary Purchaser Youth and Families Division:

Same criteria as above with the exception that it will be only for youth ages 12 to 18.

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**E. Geographic coverage of service**

Maui County , East Hawaii, West Hawaii, Kauai, and Oahu

Secondary Purchaser, Division of Youth and Families:

Maui island only.

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**F. Probable funding amounts, source, and period of availability**

Maui County	\$2,000,000 per year	Kauai,	\$400,000 per year
East Hawaii	\$300,000 per year	West Hawaii	\$300,000 per year
Oahu	\$2,000,000 per year		

Secondary purchaser: Division of Youth and Families will use services on an as needed basis. Approximately \$23,000 is available. Past expenditures have been:

FY 2003	\$23,000
FY 2002	\$28,000
FY 2001	\$21,000
FY 2000	\$32,000

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**Sample Sections**  
**Request for Proposals (RFP), Section 2, Services Specifications**

**II. General Requirements**

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**B. Secondary purchaser participation**  
 (Refer to §3-143-608, HAR)

- The Youth and Families Division of the Department Human Services will participate as a planned secondary purchaser for residential treatment services only. A separate contract will be executed with the awardee for Maui.

Additional information:

I - D	Target population
I - E	Geographic area
I - F	Probable funding amounts
II - D	Single or multiple awards
III - A	Service activities
III - B - 5	Reporting requirements
III - B - 7	Unit of service/unit rate

- After-the-fact secondary purchases will be allowed.

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**D. Single or multiple contracts to be awarded**  
 (Refer to §3-143-206, HAR)

Single                       Multiple                       Single & Multiple

Criteria for multiple awards:

A single award will be made to each for the following: Maui, Kauai and East Hawaii. Multiple awards will be made for Oahu to ensure the widest geographic coverage and adequate services.

Note:

Secondary purchaser, Youth and Families Division will execute a separate contract with the awardee for Maui although only one provider will be awarded.

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**Sample Sections**  
**Request for Proposals (RFP), Section 2, Services Specifications**

### **III. Scope of Work**

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#### **A. Service Activities (Minimum and/or mandatory tasks and responsibilities)**

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Services required are residential and non-residential substance abuse assessment and treatment services.

##### **Residential**

Residential programs shall include:

Daily: group therapy sessions, vocational training, physical exercise

Weekly: anger management group counseling, individual counseling

Quarterly: assessments

Maximum time in program will not exceed 90 days

##### **Non-Residential:**

Weekly: individual counseling

Twice weekly: group counseling

Quarterly: assessments

Secondary Purchaser, Youth and Families Division will only purchase residential services. All requirements are the same with the following exceptions:

GED training may be substituted for vocational training where applicable.

Maximum time in program will not exceed 120 days.

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#### **B. Management Requirements (Minimum and/or mandatory requirements)**

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##### **5) Reporting requirements for program and fiscal data**

Quarterly reports will be on forms XYZ in Attachment Z

Secondary Purchaser, Youth and Families Division:

Quarterly reports will be on forms QRS in Attachment Z

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**7) Units of service and unit rate**

**Residential Services:**

Unit of service=1 bed day of service

Assessments will be paid a flat rate on a per assessment basis.

Applicant shall offer rate for each of the following

1 bed day of service

Single assessment

**Non-Residential Services:**

Unit of service for Individual Counseling= 1 hour direct services

Unit of Service for Group Counseling= 1 group session

Applicant shall offer unit rate for each of the following:

Individual Counseling

Group Session

Single assessment

Secondary Purchaser, Youth and Families Division:

**Residential Services**

Unit rates shall be the same as for primary purchaser.

**Non-Residential Services**

Youth and Families Division will not purchase non-residential services.