

HRS Chapter 103F
Purchases of Health and Human Services
Treatment Purchase of Services
HRS §103F-404

HRS §103F-404, Treatment Purchases of Services, was established as a means of expediting unanticipated, one-time, short-term procurements. Services for multi-year, long-term basis, and crisis are procured utilizing other available methods of procurement.

HRS §103F-102, definition of “treatment”:

"Treatment" means services to individuals and families by health or social work professionals which attempt to alleviate physical or mental illness or behavioral problems, including but not limited to, medical treatment, counseling, physical, occupational and other therapeutic services, and referral and case management services for medical treatment, counseling, and other therapeutic services.

The treatment method of procurement is authorized when the proposed contract for treatment services is:

1. For consideration of \$100,000 or less;
2. For a term of one year or less; and
3. Either or both of the following circumstances is applicable:
 - a. Such services may become necessary from time to time, but cannot be anticipated accurately on an annual or biennial basis; or
 - b. When deferring treatment until solicitation, provider selection and contract formation can be completed, the problem needing treatment would be rendered worse than at the time of diagnosis or assessment.

By statute, the administrator of the State Procurement Office (SPO) is charged with publishing a notice of the treatment services needed, requesting for provider statement of qualifications, forming committees to review and evaluate the submissions, and prepare a list of qualified providers. When the need to purchase treatment services arises, the head of the purchasing agency or designee contacts a minimum of three providers from the list and negotiates a contract with the most qualified provider. If negotiations fail, a contract is negotiated with another provider from the list.

Yearly, from 1998 to 2006, in preparation for the annual treatment list, departments purchasing health and human services submitted to SPO their potential requirements. Variation in service requirements and qualifications from one purchasing agency to another made it difficult to compile, procure, evaluate, and manage a standardized list. Due to the broad definition of “treatment,” departments responded with approximately 21 service categories and 67 specialty subcategories. Statements of qualifications were solicited, which resulted in over 250 qualified private provider for various services.

Prior to 2005, the departments' yearly health and human service procurement reporting did not capture the method of procurement utilized. Procurement Circular No. 2005-02, effective

June 1, 2005, requires health and human service purchasing agencies to report all HRS Chapter 103F purchases on the Health and Human Service Contracts Database Reporting System (CDRS) website, which includes the method of procurement.

For the period June 1, 2005 to June 30, 2008, the Executive Branch reported only three procurements utilizing the treatment method.

| Fiscal Year | Treatment Services | % of Total Fiscal Year Procurements |
|-------------|--------------------|-------------------------------------|
| 2005 | \$100,000 | .023% |
| 2007 | 84,500 | .0048% |
| 2008 | 57,139 | .023% |

Due to the list's lack of use, in 2007 the treatment solicitation for statements of qualifications was narrowed to 11 categories and 18 specialty subcategories.

The 2007 treatment list continued to be available to purchasing agencies; however, was not updated yearly thereafter due to its underutilization. The number of purchases using the treatment method did not justify the yearly effort, man-hours and man-power necessary for the State to procure and evaluate the statements of qualifications, and for the providers to put together their statements of qualifications for the various services on an annual basis. For the period July 2008 to March 2012, no purchases were reported using the treatment method. As of 2014, there is no treatment list.

The unavailability of the Treatment List of Qualified Providers has had little effect on purchasing agencies and the way they procure. Although there are other methods of procurement that meet purchasing agencies' service needs, it is not SPO's intent to repeal the statute. Instead, SPO would like to amend the statute to allow departments, rather than the SPO, to procure and establish their own treatment list based on their respective needs, and to expedite the procurement process when the need and established criteria are met.