

RE: S.B. No. 1018
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Thirty-First State Legislature
Regular Session of 2021
State of Hawaii
Sir:

Your Committee on Health, to which was referred S.B. No. 1018 entitled:

"A BILL FOR AN ACT RELATING TO EFFECTIVE GOVERNMENT OPERATIONS,"

begs leave to report as follows:

The purpose and intent of this measure is to require the Department of Health to establish a reorganization pilot project to reorganize the Department of Health Behavioral Health Services Administration.

Your Committee received testimony in support of this measure from the Department of Health, Hawaii Psychological Association, and one individual. Your Committee received testimony in opposition to this measure from the State Procurement Office.

Your Committee finds that the coronavirus disease 2019 (COVID-19) pandemic has caused an enormous budgetary shortfall in the State. Your Committee further finds that to adjust to this deficit, state government and its agencies must have the authority and flexibility to reorganize to meet the ongoing and emerging needs resulting from the COVID-19 pandemic. This measure establishes a pilot program for the Department of Health to reorganize its Behavioral Health Services Administration.

Your Committee heard testimony from the Department of Health, which proposed to expand the scope of the pilot project to reorganize all divisions. Your Committee also heard testimony from the State Procurement Office, which expressed concerns that exempting the Department of Health from the Hawaii Public Procurement Code could lead to higher costs due to lack of competition.

As such, your Committee has amended this measure by:

- (1) Amending section 2 to add the Environmental Health Administration; general administration, including the Office of the Director of Health; and Health Resources Administration to the reorganization pilot projects;
- (2) Removing the exemption from chapters 103D and 103F, Hawaii Revised Statutes, which govern public procurement; and
- (3) Inserting an effective date of July 1, 2020, to encourage further discussion.

As affirmed by the record of votes of the members of your Committee on Health that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1018, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1018, S.D. 1, and be referred to your Committee on Ways and Means.

Respectfully submitted on behalf of the members of the Committee on Health,

JARRETT KEOHOKALO, Chair