
A BILL FOR AN ACT

RELATING TO CERTIFICATE OF NEED.

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

1 SECTION 1. Section 323D-1, Hawaii Revised Statutes, is
2 amended to read as follows:

3 "**§323D-1 Purpose.** The purpose of this chapter is to
4 establish a health planning and resources development program to
5 promote accessibility for all the people of the [~~State~~] state to
6 quality health care services at reasonable cost[~~-~~]; provided
7 that this chapter shall only apply to acute care hospitals as
8 defined under section 327-5.5 and long-term care facilities as
9 defined under section 349-21 involving capital expenditures of
10 not less than \$150,000,000."

11 SECTION 2. Section 323D-2, Hawaii Revised Statutes, is
12 amended by amending the definitions of "expenditure minimum,"
13 "health care facility," "health care service," and
14 "substantially modify, decrease, or increase the scope or type
15 of health service" to read as follows:

16 "Expenditure minimum" means [~~\$4,000,000~~] \$150,000,000 for
17 capital expenditures, \$1,000,000 for new or replacement medical
18 equipment and \$400,000 for used medical equipment.



1 "Health care facility" and "health care service" [~~include~~
2 means any acute care hospitals as defined under section 327-5.5
3 and long-term care facilities as defined under section 349-21
4 and any acute care hospital's or long-term care facility's
5 program, institution, place, building, or agency, or portion
6 thereof, private or public, other than federal facilities or
7 services, whether organized for profit or not, used, operated,
8 or designed to provide medical diagnosis, treatment, nursing,
9 rehabilitative, or preventive care to any person or persons.
10 [~~The terms include, but are not limited to, health care~~
11 ~~facilities and health care services commonly referred to as~~
12 ~~hospitals, extended care and rehabilitation centers, nursing~~
13 ~~homes, skilled nursing facilities, intermediate care facilities,~~
14 ~~hospices for the terminally ill that require licensure or~~
15 ~~certification by the department of health, kidney disease~~
16 ~~treatment centers including freestanding hemodialysis units,~~
17 ~~outpatient clinics, organized ambulatory health care facilities,~~
18 ~~emergency care facilities and centers, home health agencies,~~
19 ~~health maintenance organizations, and others providing similarly~~
20 ~~organized services regardless of nomenclature.]~~

21 "Substantially modify, decrease, or increase the scope or
22 type of health service" refers to the establishment of a new



1 health care facility or health care service [~~or the addition of~~
2 ~~a clinically related (i.e., diagnostic, curative, or~~
3 ~~rehabilitative) service not previously provided or the~~
4 ~~termination of such a service which had previously been~~
5 ~~provided]."~~

6 SECTION 3. Section 323D-54, Hawaii Revised Statutes, is
7 amended to read as follows:

8 **"§323D-54 Exemptions from certificate of need**

9 **requirements.** Nothing in this part or rules with respect to the
10 requirement for certificates of need applies to:

11 (1) Offices of physicians, dentists, or other
12 practitioners of the healing arts in private practice
13 as distinguished from organized ambulatory health care
14 facilities [~~, except in any case of purchase or~~
15 ~~acquisition of equipment attendant to the delivery of~~
16 ~~health care service and the instruction or supervision~~
17 ~~for any private office or clinic involving a total~~
18 ~~expenditure in excess of the expenditure minimum];~~

19 (2) Laboratories, as defined in section 321-11(12) [~~,~~
20 ~~except in any case of purchase or acquisition of~~
21 ~~equipment attendant to the delivery of health care~~
22 ~~service and the instruction or supervision for any~~



1 ~~laboratory involving a total expenditure in excess of~~
2 ~~the expenditure minimum];~~

3 (3) Dispensaries and first aid stations located within
4 business or industrial establishments and maintained
5 solely for the use of employees; [~~provided such~~
6 ~~facilities do not regularly provide inpatient or~~
7 ~~resident beds for patients or employees on a daily~~
8 ~~twenty-four-hour basis;]~~

9 (4) Dispensaries or infirmaries in correctional or
10 educational facilities;

11 (5) Dwelling establishments, such as hotels, motels, and
12 rooming or boarding houses [~~that do not regularly~~
13 ~~provide health care facilities or health care~~
14 ~~services];~~

15 (6) Any home or institution conducted only for those who,
16 pursuant to the teachings, faith, or belief of any
17 group, depend for healing upon prayer or other
18 spiritual means;

19 (7) Dental clinics;

20 (8) Nonpatient areas of care facilities such as parking
21 garages and administrative offices;



- 1 (9) Bed changes [~~that involve ten per cent or ten beds of~~
2 ~~existing licensed bed types, whichever is less, of a~~
3 ~~facility's total existing licensed beds within a two-~~
4 ~~year period~~];
- 5 (10) Projects that are wholly dedicated to meeting the
6 State's obligations under court orders, including
7 consent decrees, that have already determined that
8 need for the projects exists;
- 9 (11) Replacement of existing equipment with its modern-day
10 equivalent;
- 11 (12) Primary care clinics [~~under the expenditure thresholds~~
12 ~~referenced in section 323D-2~~];
- 13 (13) Equipment and services related to that equipment, that
14 are primarily invented and used for research purposes
15 as opposed to usual and customary diagnostic and
16 therapeutic care;
- 17 (14) Capital expenditures that are required:
- 18 (A) To eliminate or prevent imminent safety hazards
19 as defined by federal, state, or county fire,
20 building, or life safety codes or regulations;
- 21 (B) To comply with state licensure standards;



1 (C) To comply with accreditation standards,
2 compliance with which is required to receive
3 reimbursements under Title XVIII of the Social
4 Security Act or payments under a state plan for
5 medical assistance approved under Title XIX of
6 such Act;

7 (15) Extended care adult residential care homes and
8 assisted living facilities; or

9 (16) Other facilities or services that the agency through
10 the statewide council chooses to exempt, by rules
11 pursuant to section 323D-62."

12 SECTION 4. This Act does not affect rights and duties that
13 matured, penalties that were incurred, and proceedings that were
14 begun, before its effective date.

15 SECTION 5. Statutory material to be repealed is bracketed
16 and stricken. New statutory material is underscored.

17 SECTION 6. This Act shall take effect upon its approval.



Report Title:

Certificate of Need Process

Description:

Limits the Certificate of Need process to acute care hospitals and long-term care facilities involving capital expenditures of not less than \$150,000,000. (HB2859 HD1)

